



August 26, 2025

Via Email Only

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

Your Honors:

Please find the attached copy of the **Main Brief 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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Certificate of Service

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

Certificate of Service

I hereby certify that I have this day served copies of the **Main Brief being submitted on behalf of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54.

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BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

**MAIN BRIEF OF
THE COALITION FOR AFFORDABLE UTILITY SERVICES AND
ENERGY EFFICIENCY IN PENNSYLVANIA**

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I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its counsel at the Pennsylvania Utility Law Project, files this Main Brief in opposition to the rate and tariff proposals of Columbia Gas of Pennsylvania, Inc. (Columbia or the Company) and in support of its positions and recommendations made in response thereto.

CAUSE-PA is an unincorporated association of low and moderate income consumers from across the Commonwealth, including customers of Columbia Gas, that advocates on behalf of its members to ensure households with limited economic means can connect and maintain affordable utility services to their home. CAUSE-PA intervened in this proceeding to help ensure that Columbia's rates and rate design, as well as any approved tariff, policy, or program which affects the rates charged or the terms and conditions of service, are just, reasonable, and equitably designed to help ensure all residential customers – regardless of wealth – are able to connect, maintain, and afford life-essential gas service to their home.

As discussed throughout this Main Brief, Columbia has failed to meet its burden of proof to show that its proposed rates and attendant policies, services, and programs are just, reasonable, and in the public interest. To the contrary, the overwhelming weight of the evidence in this case reveals that Columbia's proposals will further exacerbate stark disparities in access to essential gas service for Columbia's low income and vulnerable customers. In fact, the record in this proceeding supports a revenue *decrease* to properly

reflect sound principles of depreciation. For these reasons, and as fully supported by substantial record evidence and discussed at length below, CAUSE-PA submits that Columbia's rate proposals should be denied, and the Commission should instead adopt the revenue, rate design, policy, and programmatic reforms recommended by CAUSE-PA and the OCA in this proceeding.

A. Background and Procedural History

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 with the Pennsylvania Public Utility Commission (Commission). The Company proposed increasing rates to produce additional overall revenues of \$110.5 million per year, a 12.0% increase in the overall distribution revenue requirement. If approved, the total bill for a residential customer purchasing 70 therms per month would increase 11.38%, from \$138.52 to \$154.29.¹ Columbia is proposing to recover nearly all (99.96%) of its proposed increase in residential distribution rates through an 85.3% increase in its fixed residential customer charge.² In relevant part, Columbia's filing also requests approval to convert its pilot Weather Normalization Adjustment charge (WNA) into a permanent rate, implement a Revenue Normalization Adjustment charge (RNA), introduce an Economic Development Distribution Service tariff, launch a new phase of its energy efficiency program, and make minor changes to its universal service and energy conservation programs.

¹ CPA St. 1 at 7.

² CAUSE-PA St. 2 at 20.

On April 11, 2025, CAUSE-PA filed a Petition to Intervene. CAUSE-PA raised concerns about the ability of Columbia’s low income customers to endure another increase in rates, and the Company’s efforts to shift nearly all the risk of reduced natural gas throughput from its shareholders to its customers.³ CAUSE-PA also voiced deep concern that Columbia’s proposals will have a disproportionately harmful impact on low income customers and other vulnerable customer groups, and that Columbia fails to advance policy and programmatic reforms necessary to address acute rising termination rates consistent with its legal obligations.⁴

On May 7, 2025, a Prehearing Conference was convened. Counsel appeared for Columbia, I&E, OCA, OSBA, the Pennsylvania State University, CAUSE-PA, and the Weatherization Provider Task Force (WPTF), (collectively, the Parties). Individual Complainant Linda Slick also attended the conference and represented herself.

On May 9, 2025, a Prehearing Order was entered consolidating the complaints of the statutory advocates, Pennsylvania State University, Terri Walker, Linda Slick, and Linda Allsion with the above-docketed rate proceeding.⁵ In addition, the Petitions to Intervene filed by CAUSE-PA and WPTF were granted. The litigation schedule was also established setting the due date for main briefs as August 26, 2025 and reply briefs as September 5, 2025.⁶ In-person public input hearings were also scheduled for June 3, 2025,

³ CAUSE-PA Pet. to Intervene ¶ 2.

⁴ *Id.*

⁵ Prehearing Order at 3.

⁶ *Id.*

at 1:00 p.m. and 6:00 p.m. in Washington County, and telephonic public input hearings were scheduled for June 4, 2025, at 1:00 p.m. and 6:00 p.m.⁷

On May 14, 2025, an Interim Order was entered modifying the litigation schedule to permit supplemental direct testimony related to the York public input hearings. In addition, additional in-person public input hearings were scheduled for to be held in York Pennsylvania on June 11, 2025, at 1:00 p.m. and 6:00 p.m.

On June 6, 2025, an In-Person Evidentiary Hearing Notice was issued scheduling the evidentiary hearing for Wednesday, August 6, 2025, through Friday, August 8, 2025, in Harrisburg, Pennsylvania.

On August 1, 2025 a Briefing Order was issued providing additional guidance on the submission of main briefs and reply briefs.

On August 6 and August 7, 2025, evidentiary hearings were held. CAUSE-PA entered into the record CAUSE-PA Statements 1 and 1-SR, the Direct and Surrebuttal Testimony of Harry S. Geller, Esq.; CAUSE-PA Statements 2 and 2-SR, the Direct and Surrebuttal Testimony of Patrick M. Cicero, Esq.; and the relevant attachments and exhibits appended to those statements. Counsel for CAUSE-PA also conducted cross examination of Columbia witness Mark Kempic, and Counsel for Columbia conducted cross examination of Mr. Cicero. Through cross examination at the evidentiary hearing, CAUSE-PA Hearing Exhibits 2, 3, and 4 were admitted to the evidentiary record.

⁷ Prehearing Order at 4.

B. Legal Standards and Burden of Proof

1. Legal Standards - Just and Reasonable Rates

The Commission’s authority to regulate public utilities is rooted in the state’s “police power” – that is, the power to protect the health, safety, and welfare of its citizens.⁸ In its exercise of the police power, the Commission’s fundamental job is to restrain the monopolistic tendencies of public utilities through the regulation of utility rates and attendant terms and conditions of service.⁹ This is accomplished through cost-of-service ratemaking that ensures service is accessible to all customers while providing the utility the opportunity to recover prudent and reasonable costs and to earn a fair rate of return on investment.¹⁰

The paramount standard for all utility ratemaking is the constitutionally-based “just and reasonable” standard.¹¹ As a matter of law, rates must be just and reasonable – and must conform with all other laws, regulations, and orders of the Commission.¹² While a

⁸ *Ark. Elec. Coop. v. Ark. Public Service Comm’n*, 461 U.S. 375, 377 (1983) (“[R]egulation of utilities is one of the most important of the functions traditionally associated with the policy power of the States.”).

⁹ “Inherent in the ‘cost of providing service’ principle of ratemaking is the recognition that public utilities are natural monopolies and that the PUC’s oversight through cost-of-service ratemaking regulation serves as a proxy for a competitive market in appropriately restraining, or exerting downward pressure on, the profit-maximizing prices a monopoly could otherwise charge in the absence of price regulation.” *Use of Fully Projected Future Test Year 52 Pa. Code Chapter 53*, Final Form Order, Docket No. L-2012-2317273, at 4 (order entered Jan. 8, 2025), <https://www.puc.pa.gov/pcdocs/1874340.pdf>.

¹⁰ 66 Pa. C.S. § 1301; *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Commw. Ct. 2002); *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Commw. Ct. 2006).

¹¹ 66 Pa. C.S. § 1301; *Popowsky v. Pa. PUC*, 665 A.2d 808, 811 (Pa. 1995).

¹² 66 Pa. C.S. § 1301.

utility's cost of providing service guides the ratemaking process, additional important ratemaking concerns include quality of service, rate gradualism, and rate affordability.¹³

In determining just and reasonable rates, the Commission has the “power to make and apply policy” – including, *inter alia*, the discretion to decide the proper balance between interests of ratepayers and utilities.¹⁴ The Commission's discretion in this regard is not confined “to an absolute or mathematical formulation” – but instead “imports a flexibility in the exercise of a complicated regulatory function.”¹⁵

A public utility is entitled to no more than a reasonable *opportunity* to earn a fair rate of return on its investments which are dedicated to public service.¹⁶ A fair return for public utility service is not equivalent to “profits such as are realized or anticipated in highly profitable enterprises or speculative ventures”¹⁷ – and “does not insure that the business shall produce net revenues.”¹⁸

While rates must not be unduly discriminatory among customer groups,¹⁹ the Commission nevertheless has discretion to determine reasonable classification of service

¹³ *Pa. PUC v. Columbia Gas of Pa., Inc.*, Order, Docket No. R-2020-3018835, at 46-47 (order entered Feb. 19, 2021) (citing 66 Pa. C.S. §§ 523, 526(a); *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Commw. Ct. 2006); *Pa. PUC v. Twin Lakes Util., Inc.*, 2020 Pa. PUC LEXIS 340, *46-54 (order entered Mar. 26, 2020).

¹⁴ *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995).

¹⁵ *Id.*

¹⁶ *Pa. Gas & Water Co. v. Pa. PUC*, 341 A.2d 239, 251 (Pa. Commw. Ct. 1975).

¹⁷ *Bluefield Water Works & Improvement Co. v. Public Serv. Comm'n of W.Va.*, 262 U.S. 679, 692-93 (1923).

¹⁸ *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944); *Pittsburgh v. Pa. PUC*, 69 A.2d 844 (Pa. Super Ct. 1949); *see also Duquesne Light Co. v. Barasch*, 488 U.S. 299, 310, 312 (1989).

¹⁹ 66 Pa. C.S. § 1304.

of rates as may be justified “by a variety of considerations including the quantity of service used, the nature of the use, the time of the use, the pattern of the use, differences of conditions of service or cost of service.”²⁰

Section 102 of the Public Utility Code defines “rates” broadly to include:

Every individual, or joint fare, toll, charge, rental, or other compensation whatsoever of any public utility ... made, demanded, or received for any service within this part, offered, rendered, or furnished by such public utility, or contract carrier by motor vehicle, whether in currency, legal tender, or evidence thereof, in kind, in services or in any other medium or manner whatsoever, and **whether received directly or indirectly, and any rules, regulations, practices, classifications or contracts affecting any such compensation, charge, fare, toll, or rental.**²¹

Thus, when considering whether rates are just, reasonable, and in the public interest, it is imperative that the Commission also consider the rules, regulations, programs, and practices affecting such rates. Neither statutory law nor the Constitution imposes a unilateral obligation on customers to pay for the cost of service without a reciprocal obligation of the utility to satisfy standards of reasonable service – in conformity with all governing laws, consist with strong public policy, and in furtherance of the health, safety, and welfare of Pennsylvania consumers.²²

²⁰ *Zucker v. Pa. PUC*, 402 A.2d 1377, 1382 (Pa. Commw. Ct. 1979).

²¹ *McCloskey v. Pa. PUC*, 219 A.3d 1216, 1223 (Pa. Commw. Ct. 2019) (citing 66 Pa. C.S. § 102 (emphasis in original)).

²² *See Nat’l Utilities, Inc. v. Pa. PUC*, 709 A.2d 972, 979 (Pa. Commw. Ct. 1998), following *D.C. Transit Sys., Inc. v. Washington Metro. Area Transit Comm’n*, 466 F.2d 394, 411 (D.C. Cir. 1972), *cert denied*.

2. Legal Standards – Natural Gas Choice and Competition Act

The Natural Gas Choice and Competition Act (Choice Act) imposes critically important standards on NGDCs related to the provision of just and reasonable distribution services.²³ As discussed above, the term “rates” is far broader than the fees and charges for service, and includes the attendant rules, regulations, and programs affecting such rates. As such, an NGDC’s adherence to the standards in the Choice Act are essential to determining whether rates are just, reasonable, and pursuant to the public interest. The overarching goal of competition through deregulation of the energy supply industry is to reduce energy costs for consumers.²⁴

Of particular importance and relevance to this proceeding are the universal service and energy conservation obligations enshrined in the Choice Act. The term “universal service and energy conservation” is defined as:

Policies, practices and services that help residential low-income retail gas customers and other residential retail gas customers experiencing temporary emergencies, as defined by the commission, **to maintain natural gas supply and distribution services.** The term includes retail gas customer assistance programs [(CAPs)], termination of service protections and consumer protection policies and services that help residential low-income customers and other residential customers experiencing temporary emergencies to reduce or manage energy consumption in a cost-effective

²³ 66 Pa. C.S. § 2201 *et seq.*

²⁴ *Retail Energy Supply Assoc. v. Pa. PUC*, 230 C.D. 2017 (Pa. Commw. Ct. 2017), citing *CAUSE-PA v. Pa. PUC*, 120 A.3d 1087, 1101 (Pa. Commw. Ct. 2015) (“[T]he overarching goal of the Choice Act is competition through deregulation of the energy supply industry, leading to reduced electricity costs for consumers[;]” however, this “scheme does not demand absolute and unbridled competition.”). While this case was interpreting the Electric Choice and Competition Act, the two Acts are parallel in their intent and application.

manner, such as the low-income usage reduction programs [(LIURP)] and consumer education.²⁵

While a utility’s universal service programs, including CAP and LIURP, are central to this definition, the definition encompasses a much broader array of policies, programs, services, and education to prevent termination of service for low income customers and other vulnerable groups – such as “termination of service protections and consumer protection policies and services that help residential low-income customers.”²⁶

The Choice Act conveys a series of “interdependent standards” governing the Commission’s oversight of the restructured gas utility industry. Chief among these standards is the requirement that the Commission “ensure that universal service and energy conservation policies, activities, and services are appropriately funded and available in each natural gas distribution service territory ... [and] operated in a cost-effective manner.”²⁷ The Commission has expressly concluded that universal service and energy conservation issues are a relevant and important area of inquiry in the context of a determining whether a utility’s rates are just and reasonable, and should not be exclusively relegated to a utility’s periodic Universal Service and Energy Conservation Plan proceeding.²⁸ As the Commission concluded in a recent PGW rate proceeding:

²⁵ 66 Pa. C.S. § 2202.

²⁶ 66 Pa. C.S. § 2202.

²⁷ 66 Pa. C.S. § 2203(8).

²⁸ *Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1—58.18*, Final Form Rulemaking Order, Docket No. L-2016-2557886, at 50, 123 (order entered March 13, 2025); *see also Pa. PUC v. PGW*, Opinion and Order, Docket No. R-2023-3037933, at 216 (order entered Nov. 9, 2023).

[T]abling consideration of [universal service] issues until PGW’s next USECP proceeding would result in denying low-income customer relief for an extended period. In our view, such a result is unreasonable and thwarts the purpose of universal service, which is to help low-income customers maintain their natural gas service.²⁹

In addition to universal service standards and obligations, the Choice Act also includes explicit requirements on NGDCs perform consolidated billing,³⁰ fulfill consumer protection and customer service functions,³¹ and provide consumer information and education.³² Notably, “consumer protection” is a defined term, which includes adherence to “[t]he standards, practices and service protections for retail gas customers, including those provided for in 52 Pa. Code Ch. 56 ... , as well as applicable Federal and State debt/credit collection statutes, and any regulations or orders of the commission that provide such protections... .”³³

NGDCs like Columbia must also “provide adequate, accurate customer information to enable retail gas customers to make informed choices... .”³⁴ The information provided must be provided “in an understandable format that enables retail gas customers to compare prices and services on a uniform basis.”³⁵ NGDCs are further required under the Act to “implement a consumer education program to inform customers of the changes in the

²⁹ *Pa. PUC v. PGW*, Opinion and Order, Docket No. R-2023-3037933, at 216 (order entered Nov. 9, 2023).

³⁰ 66 Pa. C.S. § 2205(c).

³¹ 66 Pa. C.S. § 2206(a).

³² 66 Pa. C.S. § 2206(c), (d).

³³ 66 Pa. C.S. § 2202.

³⁴ 66 Pa. C.S. § 2206(c).

³⁵ *Id.*

natural gas industry. ... [and to] provide retail gas customers with information necessary to help them make appropriate choices as to their natural gas service.”³⁶

3. Legal Standards - Burden of Proof

This is a rate case filed pursuant to section 1308 of the Public Utility Code. Columbia bears that burden of proof to establish the justness and reasonableness of each element of its requested rate increase – inclusive of all attendant policies, programs, and services.³⁷

To meet its burden, Columbia must establish that all of “the elements of [its] cause of action are proven with substantial evidence which enables the party asserting the cause of action to prevail, precluding all reasonable inferences to the contrary.”³⁸ The *degree* of proof necessary to meet the substantial evidence standard requires a preponderance of the evidence, which means that the substantial evidence presented is more convincing than the evidence presented by the other party.³⁹

Importantly, the burden of proof remains with Columbia throughout the case and does not shift to any other parties challenging a rate increase.⁴⁰ Thus, it is not the

³⁶ 66 Pa. C.S. § 2206(d). Education is also an explicit component of an NGDC’s universal service and energy conservation requirements under the Act. See 66 Pa. C.S. § 2202.

³⁷ 66 Pa. C.S. §§ 315 (a), 1308 (a); *Lower Frederick Twp. Water Co. v. Pa. PUC*, 409 A.2d 505, 507 (Pa. Commw. Ct. 1980).

³⁸ *Burleson v. Pa. PUC*, 461 A.2d 1234, 1236 (Pa. 1983); *Lansberry v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Commw. Ct. 1990);

³⁹ *NRG Energy, Inc. v. Pa. PUC*, 233 A.3d 936, 939 (Pa. Commw. Ct. 2020).

⁴⁰ *Berner v. Pa. PUC*, 116 A.2d 738 (Pa. 1955) (“It is well-established that in general rate increase proceedings, the burden of proof does not shift to parties challenging a requested rate increase.”); *see also Univ. of Pa. v. Pa. PUC*, 485 A.2d 1217 (Pa. Commw. Ct. 1984).

responsibility of the other parties to prove that Columbia’s proposed rates are unjust, unreasonable, or not in the public interest. On the contrary, the other parties are only required to prove that the Company failed to meet its burden of proof that its rates are just and reasonable and in the public interest.⁴¹ This includes an examination not only Columbia’s proposed rate changes, but also its “existing rates, rules, and regulations.”⁴²

II. SUMMARY OF ARGUMENT

Rates for essential utility services, necessary for the basic functions of life, are not just and reasonable if they are not affordable for the population served. Yet that is where we stand at the outset of this case: Tens of thousands of economically vulnerable low income households are priced out of the market for essential gas service in Columbia’s service territory because of the combination of rate, rate design, and tariff changes that Columbia has chosen. As articulated throughout this brief, the Commission’s responsibility in this case is to balance the interests of consumers and the Company in a way that ensures the Company has a reasonable opportunity to earn a fair rate of return but also restrains the monopolistic tendencies of Columbia to be extractive in its chosen rates and rate design.

Columbia has an estimated 91,881 low income customers and has confirmed low income status for 70,114 of this estimated group.⁴³ Just 20,988 of these customers

⁴¹ *Pa. PUC v. Equitable Gas Co.*, 57 Pa. PUC 423, 471 (1983); *Univ. of Pa. v. Pa. PUC*, 485 A.2d 1217 (Pa. Commw. Ct. 1984).

⁴² April 24, 2025 Order at 3, ¶ 4.

⁴³ CAUSE-PA St. 1 at 11.

participate in Columbia’s Customer Assistance Program (CAP) – a vital rate assistance and arrearage management program that is effective in preventing terminations.⁴⁴

The record in this case makes clear that Columbia’s low income customers already struggle to afford service at existing rates, and that a further increase in rates will exacerbate energy insecurity – likely leading more low income families to forego food, medicine, and other basic needs or, alternatively, face the involuntary termination of service to their home.⁴⁵ This heat or eat dilemma is glaringly demonstrated in Columbia’s low income arrearage and termination rates. In 2024, Columbia’s confirmed low income (non-CAP) customers carry 40% of all residential debt – despite making up 12% of the residential population.⁴⁶ Termination rates for confirmed low income (non-CAP) households in 2024 was 11%, compared to 2% for non-low income residential customers.⁴⁷ Alarming, the 2024 termination rate for confirmed low income (non-CAP) households that are shopping in the competitive market is 25% - reflecting a trend of excessive pricing within the residential gas market that has gone unaddressed.⁴⁸

The record shows that the ability to access assistance through Columbia’s CAP reduces the risk of involuntary termination and, in turn, the deep disparity in low income energy burdens, utility insecurity, and involuntary termination rates when compared to

⁴⁴ CAUSE-PA St. 1 at 11.

⁴⁵ *Id.* at 11-19.

⁴⁶ *Id.* at 18, T.6.

⁴⁷ *Id.* at 17, T.4.

⁴⁸ *Id.* at 57-58, T.11, 12, 13; CAUSE-PA Exhibit 1 (Residential Shopping); CAUSE-PA Exhibit 2 (Low Income Shopping).

residential customers as a whole.⁴⁹ However, despite the well-documented and growing unmet need for rate assistance, Columbia has shown a stubborn resistance to improving enrollment in these programs as 77% of Columbia's estimated income eligible customers are not enrolled in CAP,⁵⁰ and its other low income programs are materially under-resourced or otherwise underperforming to meet identified need.⁵¹

At the same time, since 2008, Columbia has increased its base rates nearly every year – resulting in rates for basic gas distribution service that far outpace inflation. In this time, Columbia's distribution charges for an average heating customer have increased 339%, from \$53.39 to \$181.15, and are radically out of step with all other Pennsylvania natural gas distribution companies.⁵²

CAUSE-PA opposes any further rate increase in this case and asserts that Columbia has not met its burden of proof to demonstrate that its proposed rates and all attendant terms and conditions are just, reasonable, and in the public interest. CAUSE-PA supports the Office of Consumer Advocate's well-grounded conclusion that Columbia's rates are unjustifiably high and supports OCA's recommendation that the Commission decrease Columbia's revenue requirement by \$36,316,933, or -3.96%.⁵³

⁴⁹ CAUSE-PA St. 1 at 16, 23- 24.

⁵⁰ *Id.* at 23-24.

⁵¹ *Id.* at 38-57.

⁵² *Id.* at 5; CAUSE-PA St. 2 at 5, 20-24.

⁵³ OCA St. 2-SR at 3.

CAUSE-PA further opposes Columbia's unjust and unreasonable rate design and alternative ratemaking proposals. The overwhelming weight of the evidence in this case shows that these proposals are one-sided in favor of Columbia to the detriment of consumers and represent a radical departure from the fundamentals of just and reasonable ratemaking. Columbia's proposed 85.3% increase to the fixed monthly residential customer charge is not properly rooted in direct costs and will have a perverse impact on efficiency and conservation – falling hardest on low income households that rely on careful conservation to help control high costs.⁵⁴ Columbia's current customer charge is already \$1 higher than every other large NGDC, and its proposed charge would be nearly two times higher than the next highest approved charge in the state.⁵⁵

Columbia's alternative rate proposals would work together with Columbia's high fixed charge proposal to fully insulate the Company from risk – forcing consumers to pay for gas they do not use. Columbia's pilot Weather Normalization Adjustment charge (WNA) has already imposed a net \$78.9 million in additional charges to consumers since the 2019/2020 heating season.⁵⁶ These one-sided results over the last six years of the pilot's operation makes it clear that the original basis for approval – namely, that the WNA would equally insulate consumers and the Company from extreme weather – are illusory.⁵⁷ Columbia's proposed Revenue Normalization Adjustment would likewise work in tandem

⁵⁴ CAUSE-PA St. 1 at 30, 33-34; I&E St. 3 at 45-46; OCA St. 5 at 89-91; OCA St. 4 at 14; WPTF St. 1 at 4-5.

⁵⁵ CAUSE-PA St. 2 at 32, T.7; OCA St. 4 at 15, T.4; I&E St. 3 at 45.

⁵⁶ CAUSE-PA St. 2 at 46, T. 10; OCA St. 5 at 92.

⁵⁷ *See* CAUSE-PA St. 2 at 45; I&E St. 3 at 13-15.

with the WNA and Columbia's high fixed charge to guarantee Columbia full recovery of its approved revenue regardless of its performance. Whether taken together or apart, Columbia's rate design and alternative ratemaking proposals pervert the fundamental premise of monopoly ratemaking to provide an *opportunity* for profit, *not a guarantee*.⁵⁸ If approved, these inequitable rate mechanisms will further exacerbate energy insecurity for low income households across its service territory while eroding their ability to reduce overall energy costs through efficiency and conservation.⁵⁹

As part of this case, Columbia is also proposing to extend its Phase I Energy Efficiency and Conservation (EE&C) Plan into a second phase.⁶⁰ While low income households support the program through rates, Columbia has failed to put forward a proposal that includes dedicated and proportionate programming to serve the unique efficiency needs of low income households.⁶¹ As part of a comprehensive settlement approving Columbia's Phase I EE&C Plan, Columbia agreed to increase funding for alternative low income efficiency programming to offset its lack of dedicated low income programming within its EE&C.⁶² However, Columbia's chronic underspending within this alternative programming year after year has undermined the intent of these settlement

⁵⁸ CAUSE-PA St. 2 at 49; 66 Pa. C.S. § 1301; *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978 (982 (Pa. Commw. Ct. 2002); *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Commw. Ct. 2006).

⁵⁹ CAUSE-PA St. 2 at 32-34, 38-39, 53-54, 57, 72, 73.

⁶⁰ CPA St. 13 at 2.

⁶¹ CAUSE-PA St. 1 at 45-46; CAUSE-PA St. 1-SR at 6; 66 Pa. C.S. § 2806.1(b)(1)(i)(G).

⁶² CAUSE-PA St. 1 at 50-51, 54, 56, *citing* Joint Pet. for Settlement, Docket No. R-2022-3031211.

terms to ensure low income households are proportionately served.⁶³ Ultimately, Columbia has failed to meet its burden to show that its Phase II EE&C Plan is just, reasonable, and aligned with important public policy principles.⁶⁴

To the extent any further increase in Columbia's base rates is approved in this proceeding, CAUSE-PA urges the Honorable Administrative Law Judges Jefferey A. Watson and Chad Allensworth and the Pennsylvania Public Utility Commission to approve CAUSE-PA's proposed policy and program reforms to help mitigate the harsh impact of Columbia's high rates on economically vulnerable households and improve access to and availability of critical rate assistance and efficiency programs. In turn, we urge ALJs Watson and Allensworth and the Commission to deny Columbia's unjust and inequitable rate design and alternative ratemaking proposals that seek to shift Columbia's business risk onto consumers.⁶⁵

III. OVERALL POSITION ON RATE INCREASE

Columbia has failed to meet its burden in the present proceeding to show that its proposed rate increase, rate design, and alternative rate mechanisms – as well as associated programs, terms, and conditions of service – are in the public interest and will result in just and reasonable rates consistent with the Public Utility Code.

The Commission must determine the justness and reasonableness of rates, and all attendant policies, programs, and terms and conditions of service, for Columbia's gas

⁶³ CAUSE-PA St. 1 at 52-56.

⁶⁴ CAUSE-PA St. 1-SR at 7; CAUSE-PA St. 1 at 51, 47.

⁶⁵ OCA St. 1 at 15; CAUSE-PA St. 2 at 27-28.

delivery service under Chapter 13⁶⁶ and other provisions of the Public Utility Code.⁶⁷ In making this determination, the Commission must consider the impact of rates on consumers.⁶⁸ Fundamentally, the Commission’s job is to restrain the monopolistic tendencies of public utilities through regulation.⁶⁹ The Commission has a “duty to set ‘just and reasonable’ rates, reflecting a balance of consumer and investor interests.”⁷⁰ Affordability and quality of service are critically important concerns when setting rates,⁷¹ and are embedded duties enshrined in the Choice Act – which contains a multitude of interconnected duties and responsibilities.

The record in this proceeding demonstrates that Columbia’s current rates are already unaffordable for low income families – making access to continued service inaccessible to thousands of households and creating a cascade of consequences for these households and the surrounding communities.⁷² In turn, Columbia’s inequitable rate design and alternative ratemaking proposals fail to consider consumer interests. Instead, Columbia maintains a narrow focus on the ability of the Company to recover its approved revenue requirement

⁶⁶ 66 Pa. C.S. §§ 1301 *et seq.*

⁶⁷ *See* 66 Pa. C.S. §§ 2201 *et seq.*

⁶⁸ *Federal Power Comm’n v. Hope Nat’l Gas Co.*, 320 U.S. 591, 603 (1944) (“[T]he fixing of ‘just and reasonable rates’, involves a balance of the investor and consumer interests.”)

⁶⁹ *See infra* section I.B.1; *see also* CAUSE-PA St. 2 at 7, *citing Use of Fully Projected Future Test Year 52 Pa. Code Chapter 53*, Final Form Order, Docket No. L-2012-2317273, at 4 (order entered Jan. 8, 2025); *see also*, James H. Cawley & Norman J. Kennard, Pa. Public Utility Commission, *A Guide to Utility Ratemaking*, at 1-4 (2018 Ed.).

⁷⁰ *Popowsky v. Pa. PUC*, 542 Pa. 99, 107-108 (1995) (emphasis added); 66 Pa. C.S. § 1301.

⁷¹ *Pa. PUC v. Columbia Gas of Pa., Inc.*, Docket No. R-2020-3018835, at 46-47 (order entered Feb. 19, 2021), *citing* 66 Pa. C.S. §§ 523, 526(a); *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Commw. Ct. 2006)); *Pa. PUC v. Twin Lakes Util., Inc.*, 2020 Pa. PUC LEXIS 340, *46-54 (order entered Mar. 26, 2020).

⁷² CAUSE-PA St. 1 at 5-6.

by any means, insulating itself from reasonable business risks at the expense of its customers.⁷³

To address identified energy insecurity across Columbia's service territory, CAUSE-PA strongly supports OCA's well-supported recommendation that the Commission decrease Columbia's revenue requirement by \$36,316,933, or -3.96%, consistent with sound depreciation policy⁷⁴ In turn, we urge the Commission to reject Columbia's inequitable and unjust rate design and alternative ratemaking proposals, which contravene codified Commission policy, and require adoption of substantial reforms to Columbia's policies, procedures, programs, and services to ensure low income customers can maintain service to their homes consistent with the requirements in the Choice Act.⁷⁵

A. Columbia's low income customers already struggle to afford service at existing rates.

Columbia has 99,881 estimated low income customers,⁷⁶ of which 70,114 are classified by the Company as confirmed low income customers.⁷⁷ The average annual household income for Columbia's 70,114 confirmed low income customers is just

⁷³ OCA St. 1 at 15; CAUSE-PA St. 2 at 27-28.

⁷⁴ OCA St. 2-SR at 3.

⁷⁵ CAUSE-PA St. 1 at 6; *see* 66 Pa. C.S. §§ 2202, 2203(8), 2206(c).

⁷⁶ CAUSE-PA St. 1 at 6. Columbia's estimated low income customer count is calculated using a methodology originally developed by the Bureau of Consumer Services based on census data and utility customer count. *Id.*

⁷⁷ CAUSE-PA St. 1 at 6-7. To be considered a low income customer, a customer's total gross household income must be at or below 150% of the federal poverty level (FPL). 52 Pa. Code § 62.2. The FPL is a measure of poverty based exclusively on household size and income and does not consider the relative difference in economic vulnerability based on the composition of the household or geographic location. CAUSE-PA St. 1 at 6. For reference, the maximum income for a family of four at 150% FPL is \$48,225, while a family of four at or below 50% FPL has a maximum income of just \$16,075.

\$16,686.⁷⁸ This income level is substantially less than a household needs to meet their basic expenses in any of the counties that Columbia serves.⁷⁹ Based on the Self Sufficiency Standard, a family of four in the counties served by Columbia requires an income ranging from approximately \$69-\$90,000 to reasonably afford basic needs without assistance.⁸⁰

As of December 2024, only 20,988 of Columbia customers were enrolled in Columbia’s Customer Assistance Program (CAP), which provides vital rate relief and arrearage management for low income households.⁸¹

Columbia’s low income customers carry a disproportionate amount of debt and are far more likely to have their service terminated for nonpayment.⁸²

Table 1: Involuntary Termination, Residential & Low Income (2022-2024)⁸³

Year	Residential Term Rate	Residential Term Rate, Non-Low Income	Confirmed Low Income Term Rate	Non-CAP Confirmed Low Income Term Rate	CAP Term Rate
2022	3%	2%	9%	11%	4%
2023	3%	1%	8%	10%	4%
2024	3%	2%	9%	11%	4%

As Table 1 shows, more than 1 in 10 confirmed low income (non-CAP) customers were involuntary terminated in 2024, compared to 2 in 100 non-low income residential

⁷⁸ CAUSE-PA St. 1 at 7-8. To be classified as a confirmed low income customer, a utility must have information identifying the customer’s income status. 52 Pa. Code § 62.2. Columbia has 70,114 confirmed low income customers, which represent 17% of its residential customer base. *Id.* at 11.

⁷⁹ *Id.* at 7-8.

⁸⁰ *Id.* at 9-10.

⁸¹ *Id.* at 24-25.

⁸² *Id.* at 16.

⁸³ *Id.* at 17, T. 4.

customers.⁸⁴ Of critical importance, confirmed low income customers that are not participating in CAP are more than twice as likely to face involuntary termination than households enrolled in CAP, underscoring the critical importance of improving CAP enrollment, as discussed in detail in section XII.A of this brief, to improve collections and prevent involuntary termination of service.⁸⁵

As Tables 2 and 3 demonstrate, Columbia’s low income customers also carry substantially higher levels of arrears compared to non-low income residential customers.

Table 2: Average Arrearage Levels - (Dec. 2023, Dec. 2024)⁸⁶

	Dec. 2023	Dec. 2024
All Residential	\$316.62	\$292.75
Non-Low Income Residential	\$197.06	\$173.19
Non-CAP CLI	\$470.12	\$447.90

Table 3: Total Dollars in Debt - (Dec. 2024)⁸⁷

	Dec. 2024 Total Debt	% of Total Debt	% of Res. Population
All Residential	\$17,518,219.23	100%	100%
Non-Low Income Residential	\$6,465,410.35	37%	83%
Non-CAP CLI	\$6,980,100.09	40%	12%

⁸⁴ CAUSE-PA St. 1 at 17.

⁸⁵ *Id.* at 17.

⁸⁶ *Id.* at 18, T. 5.

⁸⁷ *Id.* at 18, T. 6.

Non-CAP CLI customers carry 40% of the dollars in residential customer debt despite making up only 12% of the residential population, showing a clear need for assistance among this population to reasonably afford basic gas service.⁸⁸

Acute issues in the competitive residential supply market are exacerbating energy insecurity, further impacting low income termination rates and driving up universal service costs and collections expenses. In 2024, low income shopping customers were charged on average \$276.86 (\$23/month) more than the default service price.⁸⁹ As a result, low income shopping customers faced a shocking 25% termination rate.⁹⁰

Taken together, these troubling indicators of deep energy insecurity across Columbia's service territory demonstrate that Columbia's low income consumers already struggle to pay for gas service at existing rates.⁹¹

B. Columbia's rates outpace inflation and are the highest in the state.

Columbia claims that, accounting for inflation, the average customer's bill is only 2% higher than it was 20 years ago.⁹² While mathematically correct, this assertion is without merit in the context of determining the justness and reasonableness of Columbia's distribution rates, as it conflates the total bill with the distribution rate – distorting the period of low commodity prices to mask the impact of its rapidly increasing distribution rates. In reality, over the last 20 years, Columbia's residential *distribution* rates for average

⁸⁸ CAUSE-PA St. 1 at 18.

⁸⁹ *Id.* at 57-58, T.11, 12; CAUSE-PA Exhibit 2.

⁹⁰ *Id.* at 58, T.13

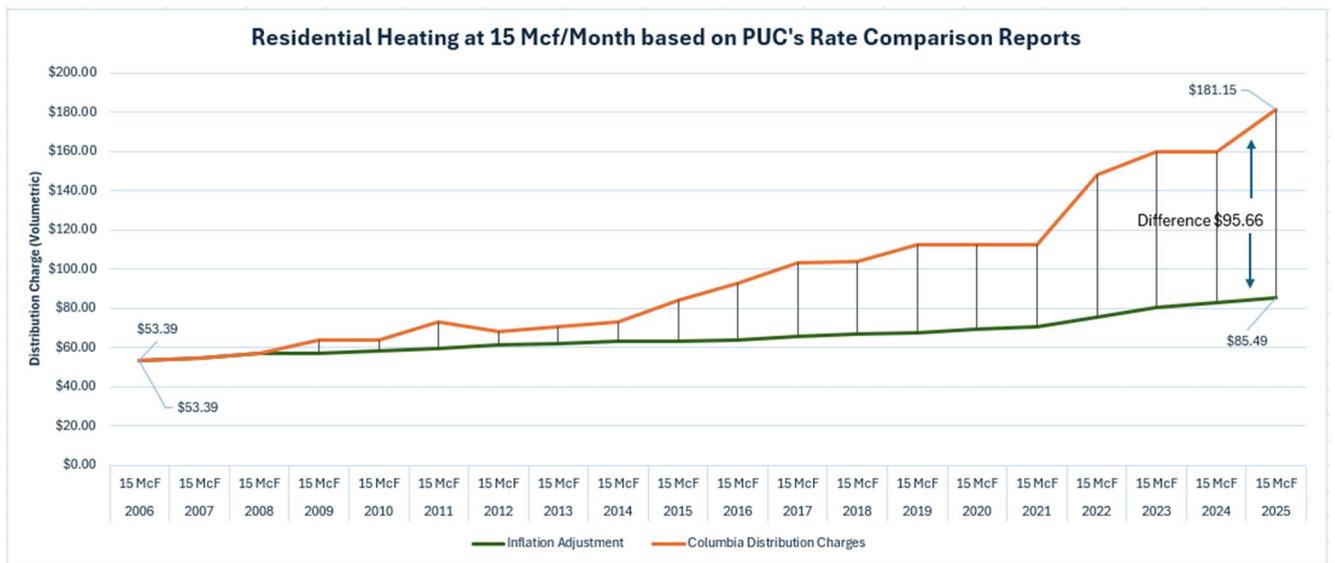
⁹¹ *Id.* at 18-19.

⁹² CAUSE-PA St. 2 at 21.

heating customers (70 therms) have increased by 121% - from \$47.58 in 2005 to \$105.09 in 2025 at proposed rates.⁹³ In this time, Columbia has filed twelve rate cases, totaling approved distribution rate increases of more than \$487 million.⁹⁴

Charts 1 and 2, below, isolate Columbia’s total *distribution* charges, modeled against inflation – demonstrating the substantial departure of Columbia’s distribution rates and its component parts from inflation.

Chart 1 – Columbia Distribution Rates 2006-2025 v. Inflation Adjusted from 2006⁹⁵

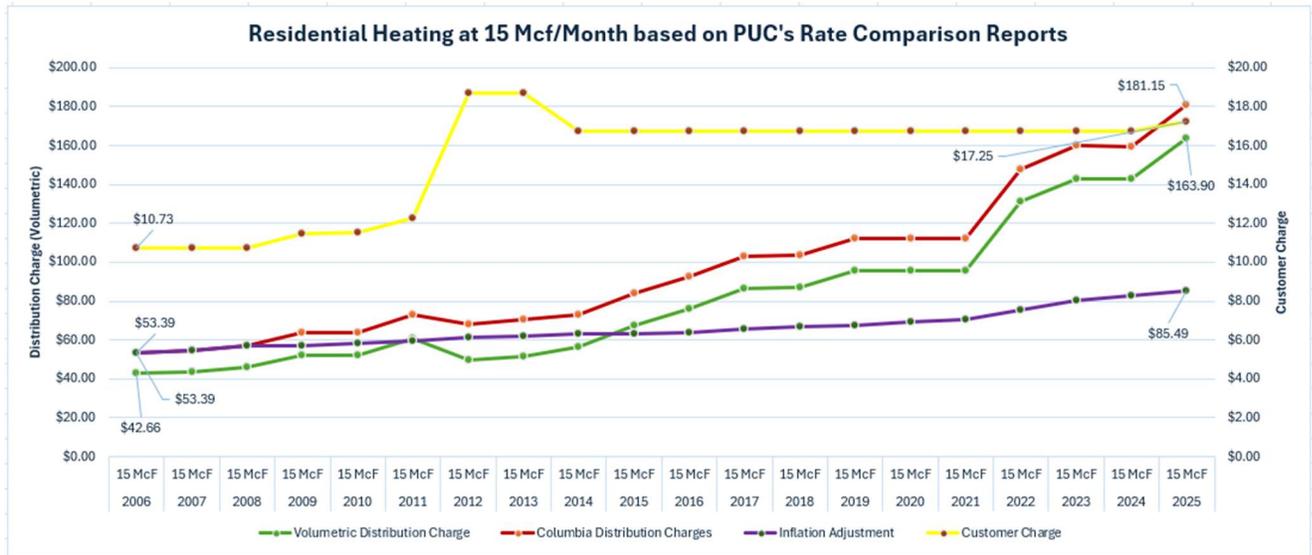


⁹³ CAUSE-PA St. 2 at 21.

⁹⁴ *Id.* at 24

⁹⁵ *Id.* at 23-24.

Chart 2: Columbia Distribution Rates by Attribute 2006-2025 v. Inflation Adjusted from 2006



Even comparing rates *inclusive of gas costs*, Columbia has the highest rates of all Pennsylvania NGDCs.⁹⁶

Table 4: Comparison of NGDC Total Bills (15 Mcf) 2006–2025⁹⁷

	Columbia	NFG	PECO	Peoples	PGW	UGI
2006	\$264.55	\$258.97	\$254.23	\$273.85	\$285.09	\$259.70
2010	\$173.35	\$141.11	\$180.12	\$142.25	\$244.03	\$196.32
2014	\$173.63	\$136.46	\$150.26	\$145.65	\$225.69	\$144.56
2018	\$184.63	\$123.96	\$122.69	\$144.22	\$228.62	\$183.36
2022	\$255.48	\$140.58	\$172.08	\$192.21	\$261.71	\$186.12
2025	\$289.10	\$124.56	\$197.02	\$176.73	\$232.14	\$196.45

⁹⁶ CAUSE-PA St. 2 at 21

⁹⁷ *Id.* at 21, T. 4 (This data comes from the Commission's rate comparison reports published annually and models based on 15 Mcf of gas usage for residential heating customers.).

In 2006, as illustrated in the graph below, many of the NGDCs had similar total bills because of the high cost of natural gas – ranging from a low of \$254 to a high of \$285.

Chart 3: Comparison of NGDC Total Bills (15 Mcf) 2006–2025⁹⁸



By 2025, Columbia has pulled way ahead of the other NGDCs, even accounting for the cost of gas.

Household income for low income families has not nearly kept pace with the rapid increase in Columbia’s distribution rates. From 2006 to 2025 the household income for a family of four at 150% FPL only increased 60% (from \$30,000 to \$48,225 per year), which is in line with the rate of inflation over that time period.⁹⁹ However, as demonstrated in the charts above, Columbia’s distribution rates have greatly outpaced the rate of inflation over that same period.¹⁰⁰ Columbia’s unyielding quest to increase revenues is unsustainable, and would result in unjust and unreasonable rates – especially for the tens of thousands of low

⁹⁸ CAUSE-PA St. 2 at 21.

⁹⁹ CAUSE-PA St. 1 at 11.

¹⁰⁰ *Id.* at 11.

income families in Columbia's service territory that already struggle to maintain basic service to their home.

C. Columbia's rate proposal would have severe and unmitigated consequences for low income households and will drive up collections and termination rates.

If the Commission approves a rate increase in this case, it will have a severe and detrimental impact on low income families across its service territory – forcing more low income families to make untenable choices between affording utility services and other basic necessities – such as food, medicine, medical care, and housing.¹⁰¹ Columbia's proposed rate increase will add \$15.77 per month (11.38% or \$189.24 annually) for average users, representing a substantial increase in a basic living expense that would have a destabilizing impact on low income families.¹⁰²

Columbia's proposed rate increase would substantially increase the portion of low income customers' energy burdens that are attributable to their gas bill.¹⁰³ The table below analyzes the gas bill burden impact for low income (non-CAP) households at current rates versus proposed rates.

¹⁰¹ CAUSE-PA St. 1 at 12, 51.

¹⁰² *Id.* at 12-13.

¹⁰³ *Id.* at 15.

Table 5: Impact of Rate Increase on Non-CAP Confirmed Low Income (CLI) Customers with Average Usage¹⁰⁴

Month/Year	Mean Usage of Confirmed Low Income Customers not enrolled in CAP ¹⁰⁵ (Dth)	Bill at current rates in \$/month on total bill basis ¹⁰⁶	Bill at proposed rates in \$/month on a total bill basis ¹⁰⁷	Percent of Monthly Income at Current Rates ¹⁰⁸	Percent of Monthly Income at Proposed Rates ¹⁰⁹
Jan-24	14.60	\$270.25	\$286.83	19%	21%
Feb-24	13.30	\$247.72	\$264.13	18%	19%
Mar-24	9.92	\$189.05	\$205.03	14%	15%
Apr-24	7.61	\$149.15	\$164.84	11%	12%
May-24	2.97	\$68.63	\$83.73	5%	6%
Jun-24	1.71	\$46.83	\$61.77	3%	4%
Jul-24	1.36	\$40.79	\$55.68	3%	4%
Aug-24	1.26	\$39.05	\$53.93	3%	4%
Sep-24	1.42	\$41.84	\$56.74	3%	4%
Oct-24	2.31	\$57.20	\$72.21	4%	5%
Nov-24	4.74	\$99.32	\$114.64	7%	8%
Dec-24	12.68	\$236.91	\$253.24	17%	18%
ANNUAL	6.16	\$123.90	\$139.40	9%	10%

If Columbia’s proposal is approved, the annual gas bill energy burden for non-CAP confirmed low income customers with average income and average usage would increase by a full percentage - from approximately 9% to approximately 10%.¹¹⁰ In winter months,

¹⁰⁴ *Id.* at 15, T. 3.

¹⁰⁵ CAUSE-PA to CPA 3-002, Attach. A, January-December 2024.

¹⁰⁶ CPA Exhibit No. 103, Sch. 1, page 13, Line 2 (Customer charge of \$17.25) and sum of lines 4-13 (\$17.3238 per Dth) to arrive at total bill.

¹⁰⁷ CPA Exhibit No. 103, Sch. 7, page 7, Line 2 (Customer charge of \$31.97) and sum of lines 4-13 (\$17.5048 per Dth) to arrive at total bill.

¹⁰⁸ CAUSE-PA to CPA 1-020, calculated using \$16,686.48 average annual income (\$1391/month) of confirmed low income customers.

¹⁰⁹ Same calculation as note above except numerator is bill at proposed rates.

¹¹⁰ CAUSE-PA St. 1 at 15-16.

low income households will pay a full 2% more of their income toward gas costs alone – raising average gas burdens for non-CAP low income households from 19% to 21%. The gas burden for these customers is already much higher than what the Commission considers affordable, and Columbia is proposing to raise it substantially higher.¹¹¹

As addressed above, Columbia’s low income customers already carry a disproportionate amount of debt and are far more likely to have their service terminated for nonpayment.¹¹² If Columbia’s proposed rate increase is approved, these pronounced disparities in debt and termination rates will increase, as will the consequences to the health and safety of low income customers and their households and the corresponding level of uncollectible expenses which are recovered from all ratepayers.¹¹³ These outcomes are neither just nor reasonable, and contradict the fundamental role of the Commission in setting rates for basic, life essential utility services.

D. Columbia’s proposed rate design and alternative rate mechanisms further exacerbate negative outcomes for low income consumers.

Columbia’s proposed rate design, together with its proposed alternative rate mechanisms, erode the ability of low income customers to control energy costs or mitigate the effects of any rate increase through reduced usage or energy efficiency measures.¹¹⁴ These rate mechanisms also have a direct impact on universal service programs, further

¹¹¹ CAUSE-PA St. 1 at 16.

¹¹² *Id.* at 16.

¹¹³ *Id.* at 16-17.

¹¹⁴ CAUSE-PA St. 2 at 37; 43-52.

driving up costs for participants and other residential customers and contradicting the statutory and regulatory objectives of the programs.¹¹⁵

Columbia is proposing to recover 99.96% of its proposed residential rate increase through its fixed charge – increasing the fixed component of the bill from \$17.25 to \$31.97.¹¹⁶ This egregious proposal is not based on direct costs and, as such, is misaligned with fundamentals of ratemaking and is not supported by substantial evidence.¹¹⁷ If approved, Columbia’s fixed charge would be nearly 200% higher than the next highest charge in the state.¹¹⁸ The Commission previously rejected Columbia’s proposal to increase its residential customer charge by a far lower margin, finding that the charge violated the principles of gradualism and key conservation goals.¹¹⁹

In addition to the high fixed charge, Columbia is seeking to make permanent its pilot Weather Normalization Adjustment charge. This inequitable rate mechanism has already added over \$74.2 million in additional charges for residential and low income customers, inappropriately shifting the risk of warming weather onto customers through a complicated formula that deprives consumers of savings gained through efficiency or conservation. In turn, Columbia seeks to implement a Revenue Normalization Adjustment charge (WNA), a full decoupling mechanism which the Commission rejected as

¹¹⁵ CAUSE-PA St. 2 at 57-58; 66 Pa. C.S. §§ 2202, 2203(8); 52 Pa. Code § 58.1.

¹¹⁶ *Id.* at 40.

¹¹⁷ *Id.* at 43; I&E St. 3 at 46.

¹¹⁸ *Id.* at 42-44.

¹¹⁹ *Pa. PUC v. Columbia Gas of Pa., Inc.*, Opinion and Order, Docket No. R-2020-3018835, at 264-265 (order entered Feb. 19, 2021).

unnecessary, unjust, and unreasonable in an earlier ruling.¹²⁰ As discussed in section XI, below, Columbia’s WNA and RNA contradict each of the enumerated factors in the Commission’s Distribution Rates Policy Statement¹²¹ and must be denied.

In operation, Columbia’s high fixed charge and alternative ratemaking proposals work together to insulate Columbia from the financial impacts of changing usage patterns, whether attributable to warming weather or careful conservation. This inappropriately shifts normal business risks to consumers and, in turn, perverts foundational ratemaking principles – converting the *opportunity* to earn a profit into a functional *guarantee*.¹²²

E. Critical enhancements to CAP and low income efficiency programs and targeted education for low income shopping customers would help to mitigate energy insecurity and, in turn, reduce collections costs and termination rates.

Substantial evidence outlined in detail throughout this main brief shows that Columbia’s universal service and energy conservation programs are grossly undersubscribed and require substantial improvement to mitigate acute energy insecurity. These reforms are necessary to achieve the universal service and energy conservation mandates enshrined in the Choice Act which require implementation of “policies, practices and services that help residential low-income retail gas customers ...to maintain natural

¹²⁰ *Pa. PUC v. Columbia Gas of Pa., Inc.*, Opinion and Order, Docket No R-2020-3018835, at 264-265 (order entered Feb. 19, 2021).

¹²¹ 66 Pa. C.S. § 1330; 52 Pa. Code §§ 69.3301-.3302

¹²² *Pa. Gas & Water Co. v. Pa. PUC*, 341 A.2d 239, 251 (Pa. Commw. Ct. 1975); *Bluefield Water Works & Improvement Co. v. Public Serv. Comm’n of W.Va.*, 262 U.S. 679, 692-93 (1923); *Federal Power Comm’n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944).

gas supply and distribution services”¹²³ – and are especially critical if the Commission were to approve any rate increase in this proceeding.

First, Columbia must improve access to and enrollment in CAP, which currently reaches only 23% of the estimated eligible population.¹²⁴ As discussed, CAP enrollment substantially reduces termination rates and corresponding collections costs.¹²⁵ CAUSE-PA outlines a variety of methods – including expanded utilization of LIHEAP data, routine screening, and expanded efforts to address program re-entry – which would measurably improve enrollment rates without the added consumer risks associated with Columbia’s Speech Analytics pilot proposal.¹²⁶

The Commission must also reign in Columbia’s chronic underspending within key programs, including its Health and Safety Pilot, its Emergency Furnace Repair Program, and its Audits and Rebates Program.¹²⁷ Each year, tens of thousands of dollars authorized through these programs goes unspent and are not currently carried over to the following year – undermining the terms of multiple settlements and eroding the effectiveness of programs designed to serve the needs of uniquely vulnerable households.¹²⁸ In addition to correcting consistent underspending, the Commission should also authorize increased

¹²³ 66 Pa. C.S. §§ 2202, 2203(8).

¹²⁴ CAUSE-PA St. 1 at 17, T. 4.

¹²⁵ *Id.*

¹²⁶ *See infra* section XII.

¹²⁷ *See infra* section XII.C, F, G.

¹²⁸ *Id.*

investment in LIURP and Hardship Fund program to offset any approved rate increase in the case.¹²⁹

The Commission must also reject Columbia's effort to launch a Phase II Energy Efficiency and Conservation Plan (EE&C) which lacks dedicated and proportionate low income programming.¹³⁰ This is neither just nor reasonable, as vulnerable low income households are required to pay for these programs without deriving equitable benefit.¹³¹

Finally, the Commission must require Columbia to perform targeted education and outreach to low income shopping customers to help reduce high termination rates and control collections and universal service program costs.¹³² In turn, the Commission must tighten control over the release of its Eligible Customer List to third parties.¹³³

IV. RATE BASE

CAUSE-PA did not take a position on rate base in this proceeding but reserves the right to address any issue raised by other parties in its Reply Brief to the extent that it impacts or implicates issues raised in this Main Brief.

V. TAXES

CAUSE-PA did not propose any adjustments, including to taxes, to the Company's FPPTY revenues under current rates. CAUSE-PA is not briefing this issue but reserves the

¹²⁹ See *infra* section XII.B, D.

¹³⁰ See *infra* section XIII.

¹³¹ See 66 Pa. C.S. § 2806.1(b)(1)(i)(G)

¹³² See *infra* section XIV.

¹³³ See *infra* section XV.B.

right to address any issue raised by other parties in its Reply Brief to the extent that it impacts or implicates issues raised in this Main Brief.

VI. REVENUE

CAUSE-PA did not take a position on operating revenue in this proceeding but reserves the right to address any issue raised by other parties in its Reply Brief to the extent that it impacts or implicates issues raised in this Main Brief.

VII. DEPRECIATION EXPENSE

CAUSE-PA did not take a position on depreciation expense in this proceeding but reserves the right to address any issue raised by other parties in its Reply Brief to the extent that it impacts or implicates issues raised in this Main Brief.

VIII. O&M AND A&G EXPENSES

CAUSE-PA did not take a position on O&M and A&G expenses in this proceeding but reserves the right to address any issue raised by other parties in its Reply Brief to the extent that it impacts or implicates issues raised in this Main Brief.

IX. RATE OF RETURN

CAUSE-PA did not propose a specific rate of return in this proceeding, though it strongly supports the rate of return analysis of OCA witness Garrett of 7.06%, which includes a Common Equity component of 8.90%.¹³⁴ This incorporates a Long-Term Debt ratio of 47.68%, a Short-Term Debt ratio of 2.32%, and a Common Equity ratio of 50%.¹³⁵

¹³⁴ OCA St. 3 at 57-58; OCA St. 3-SR at 2-3.

¹³⁵ OCA St. 3 at 58.

The Company’s proposed capital structures and rate of return work in tandem to form “the primary drivers of the requested increase in this case,”¹³⁶ and, as noted by OCA witness Garrett would arguably result in an “inappropriate transfer of wealth from ratepayers to shareholders” because it is higher than Columbia’s true cost of capital.¹³⁷ Thus, the Commission must focus exacting scrutiny on Columbia’s chosen capitalization ratio/capital structures and proposed rate of return.¹³⁸

In this case, Columbia is seeking an overall rate of return of 8.55% which consists of an excessively high ROE of 11.35%, and an equity-skewed capital structure.¹³⁹ Columbia’s proposed rate of return is excessive and one of many areas where “the Commission has an abundance of discretion that it can and should exercise in restraining the monopolistic tendencies of a utility who has captive ratepayers.”¹⁴⁰ Rates adopted by the Commission that are within a “zone of reasonableness” can withstand constitutional scrutiny.¹⁴¹ The “just and reasonable” standard of the Code coincides with applicable constitutional standards, and any rate selected by the Commission from the “broad zone of reasonableness” permitted by the Public Utility Code cannot properly be attacked on constitutional grounds as confiscatory.¹⁴² Rates that are determined by the Commission to

¹³⁶ CAUSE-PA St. 2 at 12.

¹³⁷ OCA St. 3 at 9:6-7.

¹³⁸ CAUSE-PA St. 2 at 12.

¹³⁹ CPA 2025 Rate Case Exhibit 400.

¹⁴⁰ CAUSE-PA St. 2 at 13.

¹⁴¹ *Permian Basin Area Rate Cases*, 390 U.S. 747, 797 (1968) (*Permian Basin*), citing *Atlantic Ref. Co. v. Pub. Serv. Comm’n*, 360 U.S. 378, 388 (1981).

¹⁴² *Permian Basin*, 390 U.S. at 769.

be in conformity with the Code and intended to “balance the investor and the consumer interests” are constitutionally permissible.¹⁴³

The fact of the matter is that Columbia’s customers have no choice of gas distribution providers. Residential customers, including low income customers, must buy that service at the Commission authorized and tariffed rate.¹⁴⁴ They are not readily able to negotiate a different rate with Columbia, like some larger users.¹⁴⁵ Thus, low income customer needing gas distribution service must pay whatever the Commission authorizes Columbia to charge.¹⁴⁶ Consumers cannot readily negotiate with a utility and must “rely upon” the Commission to provide “a complete, permanent, and effective bond of protection from excessive rates and charges” of the public utility.¹⁴⁷

Columbia has proposed a capitalization ratio of 45.60% debt and 54.40% equity, meaning that the embedded cost of debt (at 5.22% for its long term debt and 5.00% for its short term debt) counts less in the overall calculation of the rate of return than the embedded cost of equity (at 11.35%), as shown in Table 6, below.¹⁴⁸

In this case, the Company places an excessive and undue emphasis on the higher return on equity at the expense of the lower cost of debt. Columbia’s requested ROE of 11.35% is more than two times higher than its cost of debt and, when applied to Columbia’s

¹⁴³ *Permian Basin*, 390 U.S. at 770.

¹⁴⁴ CAUSE-PA St. 2 at 13.

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

¹⁴⁷ *Permian Basin*, 390 U.S. at 794-95, citing *Atlantic Ref. Co. v. Pub. Serv. Comm’n*, 360 U.S. 378, 388 (1981).

¹⁴⁸ CAUSE-PA St. 2 at 13-14, T. 1.

chosen capitalization ratio, will have a significant impact on the overall rate of return and, ultimately, on the overall revenue requirement.¹⁴⁹

The Commission is not restrained to accept the capitalization ratio proposed by Columbia, and can impute a revised capitalization ratio for ratemaking purposes.¹⁵⁰ This is especially true for Companies like Columbia which are not publicly traded and are wholly owned subsidiaries of public companies. In this instance, Pennsylvania Courts have held that the capital structure utilities that are wholly-owned subsidiaries may not be one which it would maintain if it were obliged to obtain its debt and equity financing on the open market rather than from a parent company.¹⁵¹ The Court further explained:

In such instances the actual capital structure may be weighted too heavily on the debt side or the equity side...The use of the actual capital structure in such peculiar circumstances might be unfair to either the utility or its customers, depending upon whether debt or equity is disproportionately high. Under such circumstances the commission must make adjustments based upon substantial evidence in order to reach a fair result.¹⁵²

This is such a case. Columbia's capital structure is equity-skewed at the expense of consumers and has the effect of artificially increasing the rate of return required in this case. As Mr. Garrett, on behalf of the OCA explained, for regulated utilities like Columbia, there is an incentive to increase their weighted average cost of capital (WACC) because under "the rate base rate of return model, a higher WACC results in higher rates, all else

¹⁴⁹ CAUSE-PA St. 2 at 14.

¹⁵⁰ *Id.* at 14.

¹⁵¹ *Riverton Consol. Water Co. v. Pa. P.U.C.*, 140 A.2d 114, 121 (Pa. Super. Ct. 1958) (*Riverton*).

¹⁵² *Riverton*, 140 A.2d at 121.

held constant.”¹⁵³ For example, if the Commission were to impute a ratemaking capitalization ratio of 50% equity and 50% debt, as recommended and endorsed by OCA witness Garrett,¹⁵⁴ the overall rate of return at the Company’s desired ROE of 11.35% would be reduced by 0.27% (from 8.55% to 8.28%), as shown below:

Table 6 – Rate of Return at 50/50 Capitalization Ratio.¹⁵⁵

Description	Capitalization Ratio	Cost	Return %
Long-Term Debt	47.68%	5.22%	2.49%
Short Term Debt	2.32%	5.00%	0.12%
Total Debt	50%		2.61%
Common Equity	50%	11.35%	5.68%
Total	100.00%		8.28%

The effect of this reduction in overall Rate of Return from 8.55% to 8.28% to the overall annual revenue requirement increase is \$17.7 million which is the difference between the \$110.5 million sought by Columbia in this case and the \$92.8 million that would be required if the PUC were to impute a 50/50 capital structure.¹⁵⁶ Similar reductions can be made to the overall revenue requirement be carefully scrutinizing the required ROE. Specifically, every basis point (0.01%) results in a revenue requirement increase of \$288,007.30 to Columbia’s customers. Reducing Columbia’s requested ROE to 8.9% –

¹⁵³ OCA St. 3 at 49: 4-5.

¹⁵⁴ *Id.* at 53.

¹⁵⁵ CAUSE-PA St. 2 at 15.

¹⁵⁶ *Id.*

consistent with the recommendation of the OCA witness Garrett, would save consumers tens of millions of dollars annually.¹⁵⁷

CAUSE-PA urges the Commission to exercise its discretion in a manner that ensures Columbia is not taking undue and unfair advantage of its customers through an ROE that is higher than what is reasonably necessary to earn a fair rate of return.¹⁵⁸ To that end, CAUSE-PA supports the recommendation of OCA witness Garrett, who conducted an in depth cost of capital analysis and recommended a ROE of 8.9% and a capital structure of 50% total debt and 50% equity, and an overall rate of return of 7.06%.¹⁵⁹ This structure and a reduced ROE provide sufficient, but not excessive, capital to Columbia that would allow it to receive a fair rate of return on its investments. It also protects the interest of consumers by requiring them only to pay rates that are necessary to ensure the financial viability of the company, not rates that are extractive in the sense that they are excessive. The Commission should set rates based on the OCA's suggested ROE and capital structure as they would be far more beneficial for consumers than Columbia's proposal and would help ease the burden on low income households¹⁶⁰ while providing the Company with an opportunity to earn a fair rate of return.

¹⁵⁷ CAUSE-PA St. 2 at 16; OCA St. 3 at 57.

¹⁵⁸ *Id.* at 17.

¹⁵⁹ OCA St. 3 at 3, 57-58.

¹⁶⁰ *Id.* at 3, 57, 58.

X. RATE STRUCTURE AND RATE DESIGN

A. Cost of Service

CAUSE-PA did not take a position on cost of service in this proceeding but reserves the right to address any issue raised by other parties in its Reply Brief to the extent that it impacts or implicates issues raised in this Main Brief.

B. Revenue Allocation

CAUSE-PA did not take a position on revenue allocation in this proceeding but reserves the right to address any issue raised by other parties in its Reply Brief to the extent that it impacts or implicates issues raised in this Main Brief.

C. Tariff Structure

CAUSE-PA's positions on tariff structure are set forth in section XI (Alternative Ratemaking) and section XV (Tarriff Issues). CAUSE-PA reserves the right to address any issue raised by other parties in its Reply Brief to the extent that it impacts or implicates issues raised in this Main Brief.

D. Summary and Alternatives

CAUSE-PA did not propose an alternative revenue allocation. CAUSE-PA is not briefing this issue, but reserves the right to respond in its Reply Brief as necessary to the extent that it impacts or implicates issues raised in this Main Brief.

E. Rate Design

1. Residential Customer Charge

The Commission should reject Columbia's excessive residential customer charge, as the proposal improperly includes indirect costs and will erode conservation and efficiency goals – falling hardest on low income households.

In Columbia's 2020 rate case, the Commission rejected the Company's proposal to increase its residential customer charge by 37.3%, from \$16.75 to \$23.00.¹⁶¹ The Commission found, *inter alia*, that Columbia's proposed fixed charge increase violated the principles of gradualism and was "contrary to the Commission's goal of encouraging customers to conserve energy."¹⁶²

In the current proceeding, Columbia now seeks an eye-popping 85% increase to its residential customer charge, proposing to increase the monthly fixed fee from \$17.25 to \$31.97.¹⁶³ This egregious proposal accounts for approximately 99.96% of the annual increase that Columbia is seeking from its residential customers.¹⁶⁴ According to the Company, the total bill increase for customers using an average of 70 Therms per month would be \$15.77 more per month.¹⁶⁵ Of this amount, \$14.72 of the increase would be recovered through the customer charge, and just \$1.05 would be recovered through the volumetric charge.¹⁶⁶

¹⁶¹ *Pa. PUC v. Columbia Gas of Pa., Inc.*, Opinion and Order, Docket No R-2020-3018835, at 264-265 (order entered Feb. 19, 2021).

¹⁶² *Id.*

¹⁶³ CAUSE-PA St. 2 at 19-20.

¹⁶⁴ *Id.* at 20.

¹⁶⁵ CPA St. 1 at 7.

¹⁶⁶ CAUSE-PA St. 2 at 20.

If approved, this high fixed charge rate design will severely undermine the ability of residential consumers to offset the impact of Columbia’s rate increase through efficiency and conservation – falling hardest on low income households that rely on conservation to help control costs and exacerbating the already-pronounced affordability gap.¹⁶⁷

Columbia witness John Taylor attempts to justify the Company’s proposal by arguing that once a utility’s maximum demand is determined – the limit on the amount of the usage that can occur at any given moment – then “the fixed cost investment in the infrastructure to meet this demand does not change as a result of actual gas flow on the system.”¹⁶⁸ He argues that residential rate design should be based on ensuring that residential customers pay for what he characterizes as fixed costs through fixed charges.¹⁶⁹ However, there is a difference between allocating costs between classes based on demand and designing rates to collect an authorized revenue requirement. Columbia is essentially attempting to shoehorn a demand charge into Columbia’s residential customer charge.¹⁷⁰

Mr. Taylor asserts that the identified customer costs related to providing monthly distribution services to residential customers are \$29.43 per customer per month and the demand related costs for customers are \$47.73 per month, for a total of \$77.16 per

¹⁶⁷ CAUSE-PA St. 2 at 28; OCA St. 5 at 89-91.

¹⁶⁸ CPA St. 17 at 4.

¹⁶⁹ *Id.* at 6.

¹⁷⁰ CAUSE-PA St. 2 at 28.

month.¹⁷¹ Implicit in Mr. Taylor's analysis is that the fixed customer charge for customers should be \$77.16 per month.¹⁷² CAUSE-PA strongly disagrees with this assessment.

Fixed customer charges should generally be set as low as possible and should be designed to recover no more than the direct costs to serve a customer, meaning those charges that change directly with the addition or subtraction of a customer.¹⁷³ They should not include costs such as demand or capacity costs, which are better allocated at the class level rather than the customer level.¹⁷⁴ Customers are buying the delivery of quantities of gas service from Columbia, and are not interested in buying or paying for a gas distribution system that does not deliver gas.¹⁷⁵ As such, it makes the most sense to spread the costs for demand and capacity of the system over all units of the commodity sold, by including them in the volumetric charge rather than the fixed charge.¹⁷⁶

In addition to including demand-related costs, the Company attempts to include other indirect costs that are not appropriately included in a customer charge. For example, Columbia includes over \$10 million of uncollectible expenses within its fixed charge proposal.¹⁷⁷ Uncollectible expenses are not a direct customer cost and should not be used in developing a residential customer charge. Further, Columbia's residential customer

¹⁷¹ CAUSE-PA St. 2 at 28-29.

¹⁷² *Id.* at 29.

¹⁷³ *Id.* at 30; I&E St. 3 at 46.

¹⁷⁴ CAUSE-PA St. 2 at 30.

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ I&E St. 3 at 46.

charge proposal includes depreciation expense and return on rate base, which would necessarily decrease based on any adjustments in this case.¹⁷⁸

There is no direct customer cost basis to support Columbia's proposed \$31.97 customer charge and, as such, it is not supported by substantial evidence.¹⁷⁹ To the contrary, it appears Columbia backed into this number based on its desire to raise its fixed customer charge.¹⁸⁰ As Mr. Taylor admits, this amount was "derived by recovering the proposed increase to the residential class fully from the customer charge with only a modest change to the volumetric charge to account for rounding."¹⁸¹ Essentially, Columbia's approach to rate design seeks to increase the customer charge over time because it would like to eventually get to the point where all distribution costs are recovered through a flat, fixed customer charge.¹⁸²

Notably, Columbia's proposed fixed customer charge is already significantly higher than all other NGDCs.¹⁸³ Columbia's current customer charge of \$17.25 is the highest among all large NGDCs by \$1 per month, and its proposed charge is almost 200% higher than the next highest charge.¹⁸⁴ This is shown in Table 7 and Chart 4:

¹⁷⁸ CAUSE-PA St. 2 at 31.

¹⁷⁹ *Pa. PUC v. PECO Energy Company – Gas Division*, Order, Docket No. R-2020-3018929, at 274 (order entered June 22, 2021); *Pa. PUC v. PPL Gas Util. Corp.*, Order, Docket No. R-00061398, at 137 (order entered Feb. 8, 2007); *Pa. PUC v. PPL Elec. Util. Corp.*, Docket No. R-2012-2290597, at 131 (order entered Dec. 28, 2012).

¹⁸⁰ CAUSE-PA St. 2 at 31.

¹⁸¹ *Id.* at 31 (*citing* CPA St. 17 at 12:9-11).

¹⁸² *Id.* at 31.

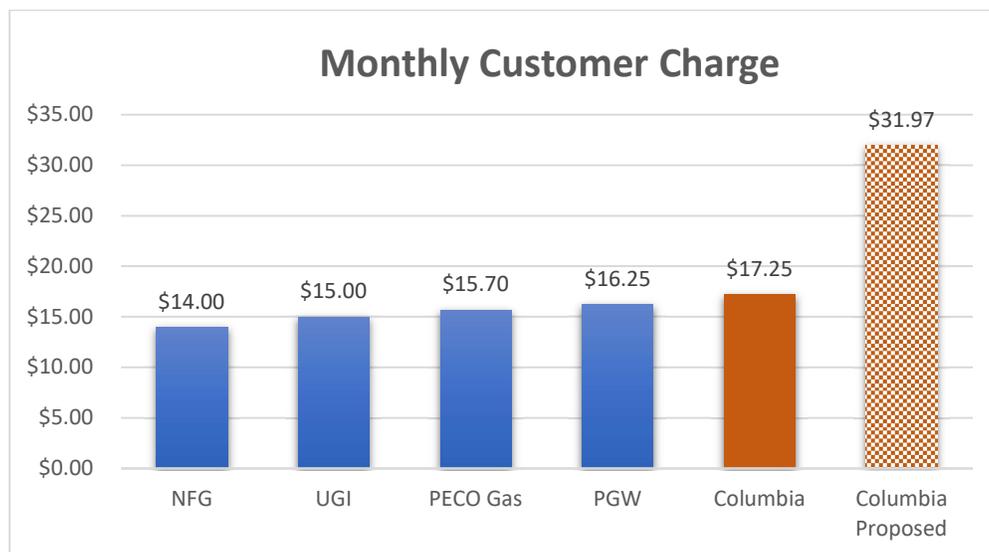
¹⁸³ *Id.* at 32.

¹⁸⁴ *Id.* at 32; OCA St. 4 at 14-15; I&E St. 3 at 44-45.

Table 7: Comparison of Current Monthly Customer Charges by Large NGDCs¹⁸⁵

Utility	Customer Charge
NFG	\$14.00
UGI	\$15.00
PECO Gas	\$15.70
PGW	\$16.25
Columbia	\$17.25
Columbia Proposed	\$31.97

Chart 4: Comparison of Current Monthly Customer Charges by Large NGDCs¹⁸⁶



Columbia’s proposed customer charge proposal is radically out of step with other large NGDCs – a factor that the Commission has noted when it has rejected much smaller proposed fixed charge increases previously advanced by Columbia.¹⁸⁷

¹⁸⁵ CAUSE-PA St. 2 at 32, T. 7; OCA St. 4 at 15, T. 4; I&E St. 3 at 45.

¹⁸⁶ CAUSE-PA St. 2 at 32, Chart 3.

¹⁸⁷ *Id.* at 32, citing *Pa. PUC v. Columbia Gas of Pa., Inc.*, Opinion and Order, Docket No. R-2020-3018835, at 255 (order entered Feb. 19, 2021) (adopting the Recommended Decision which found, among other bases to reject the proposed increase in the fixed customer charge, that the \$23 sought in that case was 46% or more higher than all other

As the Commission recognized in its decision rejecting Columbia’s previous proposal,¹⁸⁸ high fixed charges violate the Commission’s policies encouraging energy efficiency and conservation, as it hinders customers’ ability to reduce their bill through conservation or energy efficiency measures.¹⁸⁹ Every dollar that is locked in on the customer charge undermines the ability of consumers to mitigate the rate increase through conservation, which – as noted – has a disproportionate impact on low and moderate income households that rely more heavily on the ability to reduce their bill through conservation.¹⁹⁰ The ability to save money through energy efficiency is tied directly to a bill structure that bases customers’ bills on throughput. But as more residential customer bills are shifted to the fixed charge, the achievable bill savings – and the corresponding impact on bill payment ability – will erode.¹⁹¹

Of particular concern, Columbia’s proposal undermines the explicit goals of Columbia’s Low Income Usage Reduction Program to “reduce residential energy bills” for low income, high usage customers.¹⁹² Low income households are disproportionately at

NGDCs receive, *see* Columbia 2020 Rate Case RD at 400) (“Columbia 2020 Rate Case Order”).

¹⁸⁸ *Pa. PUC v. Columbia Gas of Pa., Inc.*, Opinion and Order, Docket No. R-2020-3018835, at 264-265 (order entered Feb. 19, 2021) (Columbia’s proposed fixed charge was “contrary to the Commission’s goal of encouraging customers to conserve energy.”).

¹⁸⁹ CAUSE-PA St. 2 at 33; OCA St. 5 at 90-91; WPTF St. 1 at 4-5.

¹⁹⁰ CAUSE-PA St. 2 at 33; OCA St. 4 at 14; OCA St. 5 at 89-91; WPTF St. 1 at 4-5; I&E St. 3 at 45-46.

¹⁹¹ CAUSE-PA St. 2 at 34.

¹⁹² *Id.* at 33, *citing* 52 Pa. Code § 58.1 (“The programs are intended to assist low income customers conserve energy and reduce residential energy bills. The reduction in energy bills should decrease the incidence and risk of customer payment delinquencies and the

risk of termination and often lack the ability to control usage due to poor housing stock and older, less efficient appliances; thus, it is critical that they continue to have access to effective conservation tools capable of producing meaningful and lasting bill reductions.¹⁹³ By reducing the bill savings achievable through LIURP, Columbia’s fixed charge proposal threatens the continued effectiveness of ratepayer investments in LIURP that are intended to reduce energy consumption, delinquencies, collections, and uncollectible costs – producing an unjust and unreasonable result.¹⁹⁴

The ability to achieve bill savings through energy efficiency and conservation measures is especially important for households with income above 150% but less than 200% of poverty.¹⁹⁵ These households are ineligible for CAP or LIHEAP but are eligible for energy efficiency and conservation services through the federal Weatherization Assistance Program (WAP) – which has income guidelines of up to 200% of the Federal Poverty Level (FPL).¹⁹⁶ They need to retain the ability to reduce their monthly energy costs through adoption of comprehensive energy efficiency and conservation programming.¹⁹⁷

attendant utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs.”).

¹⁹³ CAUSE-PA St. 2 at 34.

¹⁹⁴ *Id.* at 33, *citing* 52 Pa. Code § 58.1. (LIURP is intended to “decrease the incidence and risk of customer payment delinquencies and the attendant utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs.”).

¹⁹⁵ *Id.* at 34.

¹⁹⁶ *Id.* at 34.

¹⁹⁷ *Id.* at 34.

Columbia argues that a higher fixed charge promotes bill stability, which it suggests is a benefit to low income customers; however, a bill that is stable but unaffordable is meaningless for low income customers.¹⁹⁸ Enrollment in CAP provides a stable monthly bill based on a customer's ability to pay and is far more useful to create actual bill stability than a higher fixed customer charge.¹⁹⁹ Furthermore, Columbia is legally required to offer the option of budget billing which is meant to produce bill stability without decreasing incentives for conservation and energy efficiency.²⁰⁰

For all these reasons, CAUSE-PA submits that Columbia has failed to meet its burden of showing that its proposed fixed monthly residential customer charge is just and reasonable and, as such, this charge should not be increased.²⁰¹ Columbia's fixed residential customer charge is not properly rooted in direct costs.²⁰² It is already the highest authorized by the Commission and would represent a radical departure from Commission policy that rate design should encourage conservation and efficiency – disproportionately impacting low income customers and depriving all customers of the ability to reduce their gas distribution bill through usage reduction.

¹⁹⁸ CAUSE-PA St. 2 at 41.

¹⁹⁹ *Id.* at 41.

²⁰⁰ *Id.* at 41.

²⁰¹ CAUSE-PA St. 2 at 33; OCA St. 4 at 14; OCA St. 5 at 89-91; WPTF St. 1 at 4-5; I&E St. 3 at 45-46.

²⁰² *See Pa. PUC v. PECO Energy Company – Gas Division*, Order, Docket No. R-2020-3018929, at 274 (order entered June 22, 2021); *Pa. PUC v. PPL Gas Util. Corp.*, Order, Docket No. R-00061398, at 137 (order entered Feb. 8, 2007); *Pa. PUC v. PPL Elec. Util. Corp.*, Docket No. R-2012-2290597, at 131 (order entered Dec. 28, 2012).

XI. ALTERNATIVE RATEMAKING

Under the terms of Columbia’s current tariff, the Weather Normalization Adjustment charge (WNA) will no longer operate after a final order in this case unless explicitly reauthorized by the Commission.²⁰³ Columbia has proposed to continue its permanent WNA and to make it permanent and to implement a new Revenue Normalization Adjustment charge (RNA). Both should be rejected. The Commission should let the WNA lapse and reject the RNA in its entirety as Columbia has failed to meet its burden to show that these alternative rate proposals are just and reasonable.

Columbia’s WNA and RNA proposals are not supported by any other party in this proceeding – and are actively opposed by OCA, I&E, and CAUSE-PA.²⁰⁴ While the burden of proof does not fall on the opposing parties to prove proposed rates are unjust or unreasonable, the overwhelming weight of the evidence in this case nevertheless shows that these alternative rate proposals will produce unjust and unreasonable rates and must be denied.²⁰⁵

Regulatory policy disfavors rate mechanisms that allow utilities to recover lost revenues or costs from customers without also exposing the utility to comparable risk or performance standards.²⁰⁶ The combination of the RNA and WNA would introduce

²⁰³ Columbia Gas of Pa. Inc., Tariff Supplement No. 388 to Tariff Gas – Pa P.U.C. No. 9, Fourteenth Revised Page 162 (“Tariff Rider WNA”) (“The WNA shall continue until a final Order is entered in the Company’s first rate case filed after December 14, 2024.”).

²⁰⁴ See OCA St. 1 at 3; I&E St. 3 at 18.

²⁰⁵ See CAUSE-PA St. 2 at 29-38; 52 Pa. Code §§ 69.3301, 69.3302.

²⁰⁶ OCA St. 1 at 55.

overlapping and duplicative recovery of weather-related revenue shortfalls.²⁰⁷ By guaranteeing recovery of authorized revenues, regardless of actual customer consumption, these mechanisms – together with Columbia’s excessive fixed residential customer charge – will serve to insulate the Company’s exposure to traditional business risks and will shift those risks to customers without consideration of customer impacts.²⁰⁸

The Commission’s Distribution Rates Policy Statement enumerates factors to evaluate alternative ratemaking mechanisms, such as Columbia’s proposed WNA and RNA.²⁰⁹ The Policy Statement is intended to “promote the efficient use of electricity, natural gas and water through technologies and information,” and provides that “an alternative rate design methodology should reflect the sound application of cost of service principles, establish a rate structure that is just and reasonable, and *consider customer impacts.*”²¹⁰

The Policy Statement sets forth fourteen factors to evaluate whether an alternative ratemaking mechanism is just and reasonable.²¹¹ These factors include: the effect on low income customers and customer assistance programs, the impact on energy efficiency programming, alignment with cost causation principals, and the prevention of improper cost shifting, appropriate consumer protections, and whether design is understandable to

²⁰⁷ OCA St. 1 at 3.

²⁰⁸ *Id.* at 15; CAUSE-PA St. 2 at 27-28.

²⁰⁹ 52 Pa. Code § 69.3302 (a).

²¹⁰ 52 Pa. Code §§ 69.3301 (emphasis added).

²¹¹ 52 Pa. Code § 69.3302 (a).

consumers.²¹² As explained in detail below, an evaluation of these standards demonstrates that neither Columbia’s WNA nor its proposed RNA are just and reasonable alternative distribution ratemaking mechanisms.²¹³ As such, the Commission must reject Columbia’s proposal to continue its WNA and its proposal to implement an RNA.

A. Weather Normalization Adjustment (WNA)

Columbia’s pilot WNA will end effective with the final order entered in this proceeding unless reauthorized by the Commission.²¹⁴ The Commission should reject Columbia’s proposal to continue this rate mechanism, as it has resulted in a net \$74.2 million in additional charges to customers that they would not have otherwise been charged in the absence of the WNA.²¹⁵ The WNA applies to residential customers, including CAP customers, each month from November through May.²¹⁶ Columbia describes the WNA as “adjusting the delivery portion of a customer’s bill to reflect ‘normal’ weather conditions rather than actual weather.”²¹⁷

As outlined further below, Columbia’s proposal to implement a permanent WNA should be rejected. First, the WNA shifts most weather-related risk from the utility to

²¹² 52 Pa. Code § 69.3302 (a).

²¹³ *Id.*

²¹⁴ Tariff Rider WNA (“The WNA shall continue until a final Order is entered in the Company’s first rate case filed after December 14, 2024.”).

²¹⁵ CAUSE-PA St. 21 at 45-46; CAUSE-PA St. 2-SR at 13 (*see* fn. 39).

²¹⁶ *See* Tariff Rider WNA (“A [WNA] shall be applied to bills for Residential customers under Rate Schedules RSS, RDS, and CAP, for the heating season of November through May.”)

²¹⁷ CPA St. 17 at 28:5-6.

customers.²¹⁸ This shifting is inappropriate for a monopoly provider of essential services, such as Columbia because the WNA improperly assumes that Columbia is *entitled* to revenue based on weather as it existed in the past rather than as it actually exists at the time service is delivered.²¹⁹ Second, the WNA formula requires an overly complicated and nuanced calculation that is difficult for customers to understand, because it charges customers for their hypothetical usage rather than their actual usage.²²⁰ Third, while the formula is technically, mathematically bi-directional, in practice, the WNA has substantially worked to the detriment of customers and the benefit of Columbia.²²¹ The result has been millions of dollars of additional charges to customers for service they did not use.²²²

Ultimately, Columbia has failed to meet its burden of proving that its pilot WNA operates in a just and reasonable manner and, as such, its proposal to make the WNA permanent should be rejected and the WNA should end.

1. Columbia's pilot WNA improperly shifts unreasonable weather-related risk to consumers, adding tens of millions of dollars to residential bills.

The WNA is an alternative ratemaking mechanism that bills customers not based on their actual usage at the time they use service but based on what these customers would have used had the number of Heating Degree Days (HDDs) been the same as the 20-year

²¹⁸ CAUSE-PA St. 2 at 44; OCA St. 1 at 15; I&E St. 3 at 13-15.

²¹⁹ CAUSE-PA St. 2 at 44.

²²⁰ CAUSE-PA St. 2 at 45; I&E St. 3 at 15-16.

²²¹ CAUSE-PA St. 2 at 45; I&E St. 3 at 13-15.

²²² CAUSE-PA St. 2 at 45.

average number of heating degree days.²²³ In effect, this shifts weather-related risk from Columbia to its customers by assuming that Columbia is entitled to revenue based on its calculation of “normal” weather based on a calculation of HDDs at the time rates are set.²²⁴ While originally billed as a mechanism to mitigate weather related risks for customers (colder than normal) and the Company (warmer than normal), the results of the pilot have been overwhelmingly one-sided – resulting in tens of millions of dollars in additional costs to consumers.²²⁵ From the perspective of customers, it has been an unmitigated failure resulting in a net \$74.2 million in additional charges to customers that they would not have otherwise been charged since the pilot was introduced in the 2013/2014 heating season.²²⁶

The WNA initially operated in a more balanced manner in the first 6 years (2013/2014 through 2018/2019), resulting in a net credit to customers of approximately \$4.7 million. The following table shows Columbia’s WNA Charges 2013/2014 Heating Season to 2018/2019 Heating Season:

²²³ Columbia St. 17 at 28:5-6. (Columbia Witness John Taylor describes the WNA as “a method of adjusting the delivery portion of a customer’s bill to reflect ‘normal’ weather conditions rather than actual weather” at the time the usage is billed).

²²⁴ CAUSE-PA St. 2 at 45.

²²⁵ *Id.* at 43-65.

²²⁶ *Id.* at 45-46; CAUSE-PA St. 2-SR at 13, n. 39.

Table 8: WNA Charges 2013/2014 Heating Season to 2018/2019 Heating Season²²⁷

Heating Season	WNA Revenue
2013/2014	(\$9,356,200)
2014/2015	(\$10,981,225)
2015/2016	\$11,522,044
2016/2017	\$13,904,914
2017/2018	(\$6,052,270)
2018/2019	(\$3,734,377)
Subtotal for 13/14-18/19	(\$4,697,114)

However, the subsequent 6 years (2019/2020 through 2024/2025) have been one sided in favor of the Company, resulting in approximately \$78.9 million in net additional charges and no years with a net credit to customers.²²⁸ The following table shows Columbia's WNA Charges 2018/2019 Heating Season to 2024/2025 Heating Season

Table 9: WNA Charges 2019/2020 Heating Season to 2024/2025 Heating Season²²⁹

2019/2020	\$4,979,367
2020/2021	\$5,327,158
2021/2022	\$2,530,224
2022/2023	\$17,441,275
2023/2024	\$36,341,358
2024/2025	\$12,296,217 ²³⁰
Subtotal for 19/20 – 24/25	\$78,915,599²³¹
Subtotal for 13/14-18/19	(\$4,697,114)
Total all years	\$74,218,485²³²

²²⁷ CAUSE-PA St. 2 at 46, T. 10.

²²⁸ *Id.* at 46; OCA St. 5 at 92.

²²⁹ CAUSE-PA St. 2 at 46, T. 11 (amended to include \$2,643,134 WNA charges in May 2025, after direct testimony was filed in this case. *See* CAUSE-PA St. 2-SR at 13, n. 39)

²³⁰ \$9,653,083 + \$2,643,134 = \$12,296,217.

²³¹ \$76,272,465 + \$2,643,134 = \$78,915,599.

²³² \$71,575,351 + \$2,643,134 = \$74,218,485.

As shown above, the net charges to customers in the most recent 6 years of the WNA were more than 16 times larger than the net credits provided in the first 6 years to the detriment of Columbia's customers. Two changes were made to Columbia's WNA rider at the end of the 2018/2019 heating seasons as a result of its 2018 Columbia rate case: (1) Columbia eliminated October from its WNA formula and (2) Columbia decreased its deadband from 5% to 3%.²³³ It is unclear exactly how these changes affected the revenue generated by the WNA other than elimination of the deadband resulted in more money assessed against customers as opposed to being included in the deadband and therefore not charged. It is also clear that that the projections of "normal" weather at the time rates have been set since at least 2018 have not matched actual weather at the time bills were billed in a meaningful or sufficient way to create an on-net, bi-directional benefit for consumers.²³⁴

By shifting the very real risk of warming weather to consumers, Columbia insulates itself from the fluctuations that would normally be part of its traditional business risk as the delivery of natural gas is and always has been a weather dependent business.²³⁵ This approach is particularly problematic for low income customers, who lack the financial ability to absorb unexpected costs from weather-driven rate adjustments.²³⁶ When the weather is warm, customers expect their bill to be lower.²³⁷ They do not expect to be billed

²³³ CAUSE-PA St. 2 at 46.

²³⁴ *Id.* at 46.

²³⁵ *Id.* at 46; OCA St. 1 at 15.

²³⁶ CAUSE-PA St. 2 at 46.

²³⁷ *Id.* at 46.

for “hypothetical usage.”²³⁸ As a monopoly utility, Columbia is in a far better position to manage the risks associated with warming weather than its general residential and low income customer.

The core reality is that Columbia “holds the cards” in this game and is able to take advantage of a regulatory framework that permits it to choose when to file a rate case, and what revenue projections to seek and model based on a fully projected future test year.²³⁹ It is also able to charge a Distribution System Improvement Charge once it meets its net plant in service rate base.²⁴⁰ This type of financial protection is simply not available to customers.²⁴¹ Columbia is better positioned to absorb the effects of variable weather conditions without passing these risks down to consumers; therefore, instead of offloading the risk to ratepayers, it would be more appropriate for the utility to manage the risk.²⁴²

Low income customers do not have any margin month in and month out to spend more on energy costs.²⁴³ These customers have disproportionately high energy burdens which rise even in the winter months, requiring some customers to spend as much as 20% of their monthly income for gas service alone.²⁴⁴ Adding the WNA charge during these months exacerbates these already unaffordable energy burdens.²⁴⁵ In winter months that

²³⁸ CAUSE-PA St. 2 at 46.

²³⁹ *Id.* at 47-49; OCA St. 1 at 15.

²⁴⁰ CAUSE-PA St. 2 at 48-49.

²⁴¹ *Id.* at 48-49.

²⁴² *Id.*

²⁴³ CAUSE-PA St. 1 at 14-15

²⁴⁴ *Id.* at 14-15, T. 3.

²⁴⁵ CAUSE-PA St. 2 at 48.

are warmer than normal, these customers are expecting a lower bill – not a weather adjusted bill.²⁴⁶ They have no ability to plan for the WNA as it is illogical from the perspective of an end user who expects a lower bill when the weather is warmer.²⁴⁷

In this proceeding, Columbia could have seen the unidirectional nature of the WNA since 2019 as an opportunity to course correct and propose a mechanism that was fairer to ratepayers and that restored some of the WNA’s early bi-directional attributes. Instead, it sought to double down on a rate mechanism that is one-sided and has resulted in more than \$74 million in additional charges for customers that they would not have been assessed in the absence of the WNA. There is no credible or substantial evidence in this case suggesting that the WNA is going to return to its bi-directional roots. More and more, customers will be assessed WNA charges than receive WNA credits,²⁴⁸ thus continuing to shift the risk of warming weather from Columbia – who is in a weather sensitive business – to captive ratepayers who have no choice but to purchase gas distribution service from Columbia. Thus, Columbia’s residential ratepayers require the Commission to exercise the kinds of

²⁴⁶ CAUSE-PA St. 2 at 48.

²⁴⁷ *Id.* at 48.

²⁴⁸ “There is no real debate about the direction that our weather is headed long term given the impacts of climate change. It is warming overall significantly and, thus, the WNA is far more likely to produce significant asymmetry and surcharge customers on net each year than it is that customers will see net surcredits.” CAUSE-PA St. 2 at 51, n.98, *citing* Pa. Dep’t of Env’tl Protection, *Pennsylvania Climate Impacts Assessment 2024* at 18 (finding the annual total heating degree days in Pennsylvania are anticipated to decrease by 13% by mid-century and 25% by end-of-century compared to the historical baseline).

competitive restraint that would occur if Columbia were faced with competition for its services and reject its request to continue the WNA.

2. The WNA is not necessary for Columbia to have a fair opportunity to recover its Commission approved revenue requirement and is not beneficial to customers.

One thing that is certain: Columbia knows how to raise rates if it needs to do so. Having come in for rate increases almost yearly since 2008, Columbia has increased rates by almost \$500 million during this period.²⁴⁹ Despite this, Columbia asserts that without the WNA it would not “be afforded a rate structure that provides a fair opportunity to recover its Commission approved revenue requirement.”²⁵⁰ This argument is specious for several reasons. First, it incorrectly presumes that rates and rate projections are outside of Columbia’s control and ignores the fact that when Columbia is setting rates it gets the benefit of projecting rates into the future, based on a Fully Projected Future Test Year.²⁵¹

Second, there are many variables, besides weather, that impact Columbia’s ability to recover its revenue requirement.²⁵² As noted by Mr. Cicero when questioned at the hearings by Counsel for Columbia:

Q: [W]ithout a WNA, you still think the company has a reasonable opportunity to recover its cost.

A: In a rate case, rates are set based on normalized weather. Historically, in the absence of the WNA, bills are set and billed at actual weather. And so the question is, when rates are established, rates are established to allow a utility the ability to reasonably - have a reasonable opportunity to collect an

²⁴⁹ CAUSE-PA St. 2 at 24.

²⁵⁰ CPA St. 17 at 28.

²⁵¹ CAUSE-PA St. 2 at 47.

²⁵² *Id.* at 49.

authorized revenue. There are a variety of factors *that occur after the time rates are set that could change whether utilities do or do not collect the authorized revenue requirement*. And so there are a multitude of those factors. Weather is one of them. So is the efficiency of the organization. So is the economy overall. So is the addition or subtraction of customers. And so to isolate weather, as it was done in something like a weather normalization adjustment, and then say, in the absence of that, the company does not have the ability to collect its authorized revenue. I don't agree with that.²⁵³

As noted by Mr. Cicero, the WNA imposes a factor at the time of billing to ensure that Columbia bills not for the customer's actual usage at the time they used the system, but for hypothetical usage based on what the customer would have used had weather been normal.²⁵⁴ But weather has always been a factor for Columbia as it is in the weather sensitive business, and it is one of many factors that influence whether Columbia can collect its authorized revenue requirement. Moreover, it is important to note that *Columbia is not guaranteed recovery of a specific revenue requirement*; rates are set at a point in time prospectively and are designed to recover an authorized revenue requirement, but do not guarantee that recovery.²⁵⁵ The fact is, all rate setting is based on projections about the future and Columbia is not entitled to assurance during ratemaking that it will be able to recover net revenues; instead, utilities are granted the *opportunity* to recover their authorized revenue increase.²⁵⁶ This is a critical distinction. In Pennsylvania, there is no statutory guarantee of net revenues, judicial or Commission precedent which supports the

²⁵³ Tr. at 472:10-473:8 (emphasis added).

²⁵⁴ CAUSE-PA St. 2 at 45, 50.

²⁵⁵ *Id.* at 49; *Hope*, 320 U.S. at 603, citing *FPC v. Natural Gas Pipeline Co.* 315 U.S. 575, 590 (1942) (regulation does not insure that the business shall produce net revenues).

²⁵⁶ *Hope*, 320 U.S. at 603.

guarantee of recovering net revenues, and the public interest weighs against guaranteeing levels of revenues.²⁵⁷

In Pennsylvania, Columbia has the right to set rates based on a fully projected future test year which helps mitigate the risk and regulatory lag inherent in ratemaking and the recovery of revenue designed to collect an authorized revenue requirement.²⁵⁸ If Columbia gets its projections about the future use of its customers wrong because of variables outside of its control – like weather or the economy – it has all the tools that it needs to course correct, including by filing a rate case.

As noted above, one thing that is certain is that Columbia knows how to increase rates – having done so almost annually to the tune of almost \$500 million. There is simply no evidence in this case that but for the WNA, Columbia would be deprived of a reasonable opportunity to collect its revenue requirement authorized in this case. Each time it files a rate case, Columbia makes projections about expenses, needed return, and projections of revenue that then present rates and proposes an increase to meet its stated requirements. Nothing about the WNA changes that process it simply bootstraps over it a confusing ratemaking mechanism that allows it to charge customers not for what they use but for what Columbia believes they should have used consistent with normal weather.²⁵⁹ While

²⁵⁷ *Pa. Elec. Co. v. Pa. PUC*, 502 A.2d 130, 133-35 (Pa. 1985) (determining just and reasonable rates does not require setting rates which are guaranteed to ensure continued net revenues).

²⁵⁸ See generally *Use of Fully Projected Future Test Year 52 Pa. Code Chapter 53*, Final Form Order, Docket No. L-2012-2317273 (order entered Jan. 8, 2025)

²⁵⁹ CAUSE-PA St. 2 at 26.

this certainly increases Columbia's revenue, it does so at the expense of the protections normally afforded to customers of monopoly utility service.

As stated by Mr. Cicero in his Direct Testimony:

In a competitive market, a business is not guaranteed a profit, instead it must operate efficiently and control its costs. Regulation seeks to ensure the same thing for a utility. Rates are set at a point in time, based on the known and measurable costs and need for revenue by the utility based on data from a test year. Once set, the rates are prospective only and fixed until changed by the Commission in a subsequent rate case. This practice encourages the utility to operate efficiently because it cannot increase rates again without Commission permission. As a result, a utility faces the risk of under recovery due to normal business risks and management underperformance. Utilities also face the risk of under recovery due to the calculations about sales projections that were established in the case. This lack of any guaranteed revenue is one of the most important protections that regulation and traditional cost of service ratemaking provides to consumers.²⁶⁰

Weather is a normal business risk for Columbia as a gas distribution service provider. As a monopoly, it has sought to insulate against that risk through the WNA and, as a result, customers have paid more than \$74 million in additional charges than they otherwise would have paid absent the WNA. Without the WNA, Columbia would have had less revenue over the past decade, but this fact alone does not mean that the WNA is necessary for Columbia to otherwise have a reasonable opportunity to earn a fair rate of return.

3. Columbia's pilot WNA contradicts each of the enumerated factors in the Commission's Distribution Rates Policy Statement.²⁶¹

Columbia has the burden of proof to demonstrate that its WNA produces just and reasonable rates as implemented and proposed.²⁶² It has failed to do so. It has also failed to

²⁶⁰ CAUSE-PA St. 2 at 8:10-20.

²⁶¹ 52 Pa. Code §§ 69.3301, 69.3302.

²⁶² 66 Pa. C.S. §§ 315(a), 1301, 1330.

demonstrate that its WNA satisfies the Commission's objectives in its Distribution Rates Policy Statement, which was established to evaluate the justness and reasonableness of alternative rate design proposals.

(a) *69.3301(a)(1): Columbia's WNA does not align revenues with cost causation principles.*²⁶³

By charging customers more through the WNA when usage is low, the Company is requiring customers to pay for a product that they are not receiving, which stands in direct opposition to cost of service and cost causation principles.²⁶⁴ The WNA actually assesses customers more when they use less during winter months and surcredits them when they use more. This deviates from cost causation principles and assumes that Columbia is *entitled* to recover its revenue requirement regardless of the usage or throughput of its customers due to variations in weather, even though Columbia is in a weather intensive business.²⁶⁵ Columbia's position is that, once incurred, a cost is fixed and thus must be recovered through a fixed charge or some other mechanism such as the WNA that gets closer to guaranteed recovery.²⁶⁶ As explained above regarding Columbia's overreliance on its fixed customer charge, costs such as demand or capacity costs spread across the units of gas being distributed because what Columbia is selling (and customers are buying) is

²⁶³ 52 Pa. Code § 69.3302 (a)(1).

²⁶⁴ I&E St. 3 at 12.

²⁶⁵ CAUSE-PA St. 2 at 55.

²⁶⁶ CPA St. 17 at 4-6.

the delivery of quantities of gas service.²⁶⁷ This factor does not support continuation of the WNA.

(b) *69.3302(a)(2): Columbia's WNA is not beneficial to the Company's capacity utilization.*²⁶⁸

The determinative factor in whether a WNA surcharge or surcredit is assessed has nothing to do with capacity utilization, it has to do with weather and whether the number of HDDs is greater or lesser than the 20-year average for the period in question.²⁶⁹ Thus, the WNA has no impact of the Company's capacity utilization. In fact, as noted above, WNA assesses charges on customers for throughput not consumed due to weather conditions, meaning customers are charged when the weather is warmer than normal and they use less of the system's capacity.²⁷⁰ It also provides customers with a credit if the weather is colder than normal and they use more of the system's capacity.²⁷¹ While Columbia asserts that the WNA revenue helps it invest in the infrastructure necessary to meet peak demand and capacity needs, Columbia conflates the concept of capacity utilization with revenue collection.²⁷² In reality, the WNA does not provide any benefit to capacity utilization and this factor does not support the continuation of the WNA.²⁷³

²⁶⁷ CAUSE-PA St. 2 at 55.

²⁶⁸ 52 Pa. Code § 69.3302 (a)(2)

²⁶⁹ CAUSE-PA St. 2 at 55-56 (responding to CPA St. 17 at 30).

²⁷⁰ *Id.*

²⁷¹ *Id.* at 56.

²⁷² *Id.* at 56 (responding to CPA St. 17 at 30).

²⁷³ OCA St. 1, Ex. MWD-1 p. 3.

(c) 69.3302(a)(3): *Columbia's WNA does not reflect the level of demand associated with the customer's anticipated consumption levels.*²⁷⁴

By design, rates are set to meet the revenue requirement at a fixed point in time and then rates are billed based on the actual weather experienced. The goal is that these two things reasonably approximate each other such that rates are billed to reflect demand at the time the system is used. The WNA breaks this paradigm because customers see rate increases through WNA charges when they reduce consumption. That is, Columbia's WNA does not reflect the level of demand associated with the customer's anticipated consumption levels, because the WNA generates revenue for Columbia only when consumption is less than projected – and therefore demand is less than anticipated.²⁷⁵ Thus, the WNA does not seek to align demand with consumption, it seeks to align revenue collection with revenue projection despite reduced demand for the Company's services.

Simply put, the fact that Columbia's WNA has generated \$74.2 million in additional revenue over the past 6 years demonstrates that it inherently does not reflect the level of demand associated with anticipated consumption levels. This factor supports rejection of the WNA.²⁷⁶

²⁷⁴ 52 Pa. Code § 69.3302(a)(3).

²⁷⁵ CAUSE-PA St. 2 at 56.

²⁷⁶ CAUSE-PA St. 2 at 56; OCA St. 1, Ex. MWD-1 at 3 of 4.

(d) *69.3302(a)(4): Columbia's WNA does nothing to limit or eliminate interclass and intraclass cost shifting.*²⁷⁷

While the WNA is not likely to lead to interclass cost shifting, it also does not eliminate any such shifts that are included in the revenue allocation or rate design approved by the Commission.²⁷⁸ As to intraclass cost shifting, as noted by OCA witness Deupree, it is very likely that the “WNA creates possibility of intraclass cost shifting to the extent that smaller use residential customers typically have a greater percentage of natural gas use that is temperature-sensitive compared to larger use residential customers.”²⁷⁹ This means that customers will be paying a larger share of WNA charges than they are causing simply by virtue that a larger percentage of their bill would be subject to the WNA adjustment. This factor supports rejection of the WNA.

(e) *69.3302(a)(5): Columbia's WNA does not eliminate disincentives for the promotion of energy efficiency.*²⁸⁰

There is no evidence in this case that without the WNA, Columbia would be disincentivized to promote energy efficiency. It is required to promote energy efficiency through its LIURP for high use, low income customers and receives full cost recovery for doing so through its Rider USP.²⁸¹ Columbia also has a voluntary energy conservation and usage reduction program that it has run for several years that is not connected to its WNA

²⁷⁷ 52 Pa. Code § 69.3302 (a)(4).

²⁷⁸ CAUSE-PA St. 2 at 56.

²⁷⁹ OCA St. 1, Ex. MWD-1 at 3 of 4.

²⁸⁰ 52 Pa. Code § 69.3302 (a)(5).

²⁸¹ 52 Pa. Code §§ 58.3, 58.4(a); CPA Tariff at 146-147 (“Rider USP – Universal Service Plan”).

or the revenue that it generates from the WNA. Cost recovery for this program comes from a separate EE&C Rider.²⁸²

Moreover, the WNA is an adjustment that is tied to changes in HDDs not to changes in customer use through energy efficiency and conservation.²⁸³ If HDDs are lower than normal, customers will be charged a WNA charge regardless of whether they took steps to conserve or did not take steps to conserve. Reductions in consumption from energy efficiency are not a part of the rate mechanism. Columbia has failed to demonstrate in the absence of a WNA they would have reduced incentives to promote energy efficiency program.²⁸⁴ Thus, this factor does not support continuation of the WNA.

*(f) 69.3302(a)(6): From the perspective of customers, Columbia's WNA disincentivizes adoption of residential efficiency measures.*²⁸⁵

As noted above, there is nothing about the WNA that incentivizes energy efficiency, but from the perspective of the customer, the existence of the WNA may well disincentivize energy efficiency. When customers who undertake these measures during periods that are warmer than normal, they will see an increase in their bill due to WNA charges despite having reduced their usage through energy efficiency and conservation.²⁸⁶ In fact, from the perspective of the customers, the WNA reduces incentives to engage in efficiency or

²⁸² CPA Tariff at 164-164a (“Rider EE – Energy Efficiency Rider”).

²⁸³ OCA St. 1, Ex. MWD-1 at 3 of 4

²⁸⁴ *Id.*

²⁸⁵ 52 Pa. Code § 69.3302 (a)(6).

²⁸⁶ OCA St. 1, Ex. MWD-1 at 3 of 4

consumption reduction measures because they would readily perceive that it takes back some or all those savings.²⁸⁷

While Mr. Taylor argues that customers will still have an incentive to employ energy efficiency measures because a reduction in usage still reduces their overall bill, these savings are *in spite of*, not because of, the WNA.²⁸⁸ In fact, the WNA undercuts bill savings from energy efficiency on the distribution portion of the customer's bill and, thus, customers would recognize more bill savings without the WNA.²⁸⁹ As such, the WNA also reduces the overall effectiveness of LIURP because it adds a weather-based charge onto low income customer's bills. While conservation and energy efficiency may reduce the impact the WNA charge on a customer's bill, since the charge is weather-based not usage based, it will nevertheless erode LIURP savings in months when the weather is warmer than normal and, because of the WNA, customers will pay more each month. It thus has a significant detrimental impact on the ability of low income customers to improve bill affordability through energy efficiency measures because more of their bill will be subject to variables outside of their control through efficiency improvements.²⁹⁰ Thus, this factor supports elimination of the WNA rather than continuation of the WNA.

²⁸⁷ CAUSE-PA St. 2 at 57.

²⁸⁸ *Id.* at 57 (responding to CPA St. 17 at 31).

²⁸⁹ *Id.*

²⁹⁰ *Id.*

(g) 69.3302(a)(7): *Columbia's WNA has a detrimental impact on low-income customers and customer assistance programs.*²⁹¹

The WNA has already added tens of millions of dollars to residential bills that wouldn't have otherwise been charged, adding to the disproportionately high energy burdens carried by Columbia's nearly 70,000 low income customers who are not enrolled in CAP.²⁹² Adding the WNA charge during the winter months, when energy burdens can already exceed 20% for households not enrolled in CAP, serves to exacerbate already unaffordable energy bills – in turn contributing to disproportionate levels of arrears and terminations for low income households not enrolled in CAP.²⁹³

While enrollment in CAP will help mitigate the impact of the WNA for some participants, it does not eliminate the impact on all participants and other ratepayers who support the program through rates. CAP participants who receive a percentage of bill (POB) CAP rate will experience an increase in their POB CAP rate at their next quarterly adjustment following assessment of a WNA charge.²⁹⁴ While CAP recipients who receive a percentage of income (PIP) CAP rate will not see an increase in their asked-to-pay amount because their bill is capped at a set percentage of their income, the cost of the CAP program will increase dollar for dollar to recover the additional WNA charges.²⁹⁵ The additional charges levied through the WNA also contribute to higher initial bills for these

²⁹¹ 52 Pa. Code § 69.3302 (a)(7).

²⁹² CAUSE-PA St. 1 at 14-15, T. 3.

²⁹³ *Id.* at 13-16; CAUSE-PA St. 2 at 53-54; OCA St. 5 at 93.

²⁹⁴ CAUSE-PA St. 2 at 58.

²⁹⁵ *Id.* at 58.

customers, requiring greater levels of assistance to keep their CAP rate at the applicable percentage of income.²⁹⁶ The higher charges levied by the WNA also contribute to higher arrearages amassed *prior* to entry into CAP, requiring greater amount of arrearage amassed that need to be forgiven.²⁹⁷ Both of these categories of costs are paid by non-CAP residential customers through Columbia's rider USP, which is artificially inflated by the additional WNA charges assessed for gas a CAP household does not use.²⁹⁸

The perverse impact of Columbia's WNA on low income programs is not limited to CAP – and has a corresponding impact on Columbia's LIURP and Hardship Fund. LIURP prioritizes high usage CAP customers for usage reduction services to help reduce universal service costs paid for by other ratepayers. As discussed above, the WNA erodes the bill savings achievable through LIURP – which, in turn, erodes the ability to reduce the CAP costs recovered through the rider USP. The Hardship Fund, in turn, provides emergency grant assistance to low and moderate income households experiencing acute financial hardship. These programs are already inadequately funded to serve identified need. The WNA will increase the amount of assistance in each grant, thereby reducing the number of grants made.

²⁹⁶ CAUSE-PA St. 2 at 58; CAUSE-PA St. 1 at 23-24.

²⁹⁷ CAUSE-PA St. 1 at 23; CAUSE-PA St. 1-SR at 27; CPA St. 16-R at 20.

²⁹⁸ CAUSE-PA St. 1 at 24; CAUSE-PA St. 1-SR at 27; CPA St. 16-R at 20.

These broad impacts of Columbia's WNA on Columbia's CAP, LIURP, and Hardship Fund programs will harm low income households and other residential ratepayers. As such, the WNA should be denied.

(h) 69.3302(a)(8): There is no evidence that Columbia's WNA will or has produced more stable bills for customers.²⁹⁹

There is no basis in the way the WNA operates to conclude that it will or has produced more stable bills.³⁰⁰ The WNA will either increase or decrease a customer's monthly bill based on weather, which is outside the customer's control.³⁰¹ Columbia has also provided no evidence that customers will see or benefit from more stable distribution charges over time.³⁰²

Further, as noted by CAUSE-PA witness Cicero, bills that are stable but not affordable do not provide a benefit to low income consumers.³⁰³ CAP enrollment (or budget billing for customers over income for CAP) are far more effective ways to achieve bill stabilization, and are required to be offered by law.³⁰⁴ Even assuming there is a measure of bill stability in some winter months, that stability has more often resulted in higher bills because winters are warming than lower bills because winters are colder. Thus, this factor does not support continuation of the WNA.

²⁹⁹ 52 Pa. Code § 69.3302 (a)(8).

³⁰⁰ CAUSE-PA St. 2 at 59; OCA St. 1, Ex. MWD-1 p. 3.

³⁰¹ CAUSE-PA St. 2 at 59.

³⁰² *Id.*

³⁰³ *Id.*

³⁰⁴ CAUSE-PA St. 2 at 41; CAUSE-PA 2-SR at 9-10; OCA St. 5 at 92.

(i) 69.3302(a)(9): Columbia’s WNA inequitably shifts the financial risk of warming weather onto customers.³⁰⁵

While the WNA purports to be a revenue-neutral mechanism – and Columbia goes so far as to assert that “[o]ver time, your bill should total the same as it would without applying the WNA, which simply provides a more even method of collecting delivery costs”³⁰⁶ – the fact of the matter is that the WNA has surcharged more than \$74.2 million on net since Columbia first implemented its pilot WNA in 2013.³⁰⁷ If left in place, this trend will continue as there is no real debate about the direction that our weather is headed long term given the impacts of climate change.³⁰⁸ Pennsylvania’s annual heating degree days are anticipated to decrease by 13% by mid-century and 25% by end-of-century compared to the historical baseline.³⁰⁹ As weather warms, the WNA is far more likely to surcharge customers on net each year than it is to provide net credit.³¹⁰ This has been evidenced over the past 6 years (2018/2019 through 2024/2025 heating seasons), where the WNA has resulted in approximately \$78.9 million net charges to customers and no years with a net credit to customers.³¹¹ While there were some months that were colder than normal and customers received WNA credits, those credits were far fewer and much smaller than the WNA charges in warmer than normal months.³¹² In the past three heating

³⁰⁵ 52 Pa. Code § 69.3302 (a)(9).

³⁰⁶ Columbia St. 17-R at 10 (citing and quoting the Company’s website at: <https://www.columbiagaspa.com/bills-and-payments/understanding-your-bill>).

³⁰⁷ CAUSE-PA St. 2-SR at 14.

³⁰⁸ CAUSE-PA St. 2 at 51, n. 98.

³⁰⁹ *Id.*

³¹⁰ *Id.*

³¹¹ CAUSE-PA St. 2 at 46; OCA St. 5 at 92.

³¹² CAUSE-PA St. 2-SR at 15.

seasons (2022/2023 through 2024/2025), there have only been 3 months where customers received a net credit, which were between \$5.40 and \$7.87.³¹³ During that time there were 18 months with net WNA charges: 9 resulted in average charges exceeding \$10, and average charges exceeding \$20.³¹⁴

The WNA shifts weather-related risk from the utility to customers by assuming that Columbia is entitled to revenue based on its calculation of so-called “normal” weather (according to the utility’s own calculations) at the time that the revenue requirement is established.³¹⁵ Mr. Cicero explained: “This breaks the regulatory compact because it allows for charges to account for fluctuations in usage that result from factors outside of anyone’s control.”³¹⁶ As a monopoly utility, Columbia is far better able to shoulder the risk of under recovery than its residential customers - especially its low income customers whose average income is less than \$17,000 per year.³¹⁷ Thus, while the WNA is working as intended – it is charging customers for usage that they do not have because we have fewer heating degree days now than we did in the past – customer are very likely to continue to have to pay ever increasing costs under the WNA if it is permitted to continue. Thus, this factor works in favor of discontinuing the WNA.

³¹³ CPA St. 17-R, Ex. JDT-1R. (\$5.40 in May 2023, \$8.55 in January 2025, and \$7.87 in February 2025)

³¹⁴ *Id.*

³¹⁵ CAUSE-PA St. 2 at 59-60.

³¹⁶ *Id.*

³¹⁷ *Id.* at 60.

(j) 69.3302(a)(10): *Columbia's WNA does not impact the frequency of rate case filings and affect regulatory lag.*³¹⁸

Columbia acknowledges that the WNA does not impact the Company's rate case frequency, nor does it reduce the effect of regulatory lag on the company.³¹⁹ However, the WNA reduces the *positive impacts of regulatory lag for consumers* by weakening cost containment between rate cases. As explained by CAUSE-Pa witness Cicero:

Rates are set at a point in time, based on the known and measurable costs and need for revenue by the utility based on data from a test year. Once set, the rates are prospective only and fixed until changed by the Commission in a subsequent rate case. This practice encourages the utility to operate efficiently because it cannot increase rates again without Commission permission. As a result, a utility faces the risk of under recovery due to normal business risks and management underperformance. Utilities also face the risk of under recovery due to the calculations about sales projections that were established in the case. This lack of any guaranteed revenue is one of the most important protections that regulation and traditional cost of service ratemaking provides to consumers.³²⁰

The WNA removes these incentives and thus works in favor of the utility by increasing rates, but against consumers because it does not necessarily promote efficient use of the system nor does it – at least in the case of Columbia – reduce the frequency of rate cases.

Columbia has certainly not been shy about filing rate cases in the past 12 years, with increases of more than \$362 million since the WNA was allowed to be piloted.³²¹ Thus, this factor supports discontinuing the WNA.

³¹⁸ 52 Pa. Code § 69.3302 (a)(10).

³¹⁹ CPA St. 17 at 32.

³²⁰ CAUSE-PA St. 2 at 8:12-20.

³²¹ *Id.* at 60.

(k) 69.3302(a)(11): Columbia's WNA would work in tandem with its proposed RNA to deprive consumers of any potential benefit.³²²

The asymmetrical nature of Columbia's WNA, in favor of the Company, will be further cemented by the introduction of Columbia's proposed RNA – forcing consumers to pay a surcharge for warming weather, while allowing Columbia to insulate itself from lost revenue through the RNA following issuance of any sur-credit.³²³ “Under the WNA, if the weather sensitive volumetric usage is surcharged through a WNA for nearly 60% of each the year (November – May), then Columbia is made whole when the weather is warmer than the historical average.”³²⁴ With the RNA, even in the rare case where there is a month when Columbia provides a credit through the WNA, that credit will be recovered through the RNA surcharge to the extent that the overall billed revenue was not equal to the authorized revenue.³²⁵ The RNA would also take back any un-surcharged weather-related revenue shortfalls that are not greater than the deadband.³²⁶ If allowed to continue, Columbia's WNA will work in concert with its proposed RNA to deprive customers of any potential benefit and further weaken the already minimal consumer protections. Thus, this factor suggests that the WNA should be disallowed.

³²² 52 Pa. Code § 69.3302 (a)(11).

³²³ CAUSE-PA St. 2 at 60.

³²⁴ *Id.* at 60.

³²⁵ *Id.* at 60.

³²⁶ *Id.* at 61.

(l) 69.3302(a)(12): Columbia’s WNA lacks appropriate consumer protections, and in fact places consumers at greater risk.³²⁷

Mr. Taylor characterizes several aspects of the WNA as “consumer protections,” claiming that the WNA would not allow Columbia to collect more than its revenue requirement, there is not cross subsidization, the Commission has regulatory oversight, and “customer transparency.”³²⁸ While some of these attributes exist, the record does not support the conclusion that they are actually consumer protections.³²⁹

First, there is no cap on the amount of WNA revenue Columbia could surcharge any one customer.³³⁰ While there would be some Commission oversight to ensure that the WNA was calculated correctly, there is no backstop to prevent excessive charges to individual consumers.³³¹ Commission oversight will not protect consumers from the impact of an approved tariff that is operating according to its terms.

Second, in at least so far as it does not exempt all confirmed low income customers and imposes the surcharge on CAP customers, the WNA will exacerbate energy insecurity for these households (for confirmed low income customers not enrolled in CAP and for CAP customers who pay a percentage of their budget bill) without any safeguards to ensure they can continue to maintain service at rates that are affordable. The WNA will quite simply exacerbate energy insecurity for low income households without any corresponding

³²⁷ 52 Pa. Code § 69.3302 (a)(12).

³²⁸ CPA St. 17 at 33.

³²⁹ CAUSE-PA St. 2 at 61.

³³⁰ *Id.*

³³¹ *Id.*

adjustments to universal service programs to help ensure low income customers can maintain service to their home or to otherwise prevent the programs from incurring higher costs.³³² This is inconsistent with the universal service requirements embedded in the Choice Act.³³³ Each of these weigh against allowing the WNA to continue.

*(m) 69.3302(a)(13): Columbia's WNA is overly complex and not understandable for consumers.*³³⁴

The WNA is an overly complex calculation that operates in contrast to how most customers perceive their utility bills to work.³³⁵ Customers generally understand that when the weather is colder than normal, they will pay more, but when the weather is warmer than normal, they will pay less. The WNA works in the exact opposite way and makes it appear to customers that they are paying for service they do not use.³³⁶ While the WNA is included on the bill, this inclusion of the WNA as a line item on the bill does not mean the charge is transparent.³³⁷

The mechanics of the WNA are difficult to understand for individuals not steeped in principles of utility ratemaking, as most consumers are not.³³⁸ Columbia's WNA calculation in its tariff reads as follows:

$$\begin{aligned} \text{WNBT} &= \text{BLMT} + [(\text{NHDD}/\text{AHDD}) \times (\text{AMT}-\text{BLMT})] \\ \text{WNAT} &= \text{WNBT}-\text{AMT} \end{aligned}$$

³³² CAUSE-PA St. 2 at 61.

³³³ 66 Pa. C.S. §§ 2202, 2203(7)-(8), 2206(a).

³³⁴ 52 Pa. Code § 69.3302 (a)(13).

³³⁵ CAUSE-PA St. 2 at 50, 61.

³³⁶ *Id.* at 62.

³³⁷ *Id.* at 50-51, 62; OCA St, 6 at 23-25.

³³⁸ CAUSE-PA St. 2 at 51.

$$\text{WNA} = \text{WNAT} \times \text{Distribution Usage Charge}^{339}$$

While Columbia's tariff explains each of the abbreviations above, it is not reasonable to assume that customers will understand this multi-step, multivariable algebraic equation.³⁴⁰ The WNA calculation and baseload usage are not readily available on the customer's bill, so consumers must contact the Company for explanation.³⁴¹ But the record suggests that Columbia does not appropriately respond to customer inquiries about the WNA charge.³⁴² It strains credulity to suggest that the average customer knows what a heating degree day is or in which months they occur or how a "normal" versus an "actual" heating degree day is determined.³⁴³ Most customers do not know how Columbia's rates are set or that they are set based on a 20-year average of heating degree days and that any deviation below 97% or above 103% of that average is what will produce a credit or a charge on their bills. The WNA is not easy to understand and is divorced from the way most regular folks would understand their bills to work.

Columbia's public-facing communications regarding the WNA are also misleading and falsely assert that the mechanism works evenhandedly and that WNA adjustments should result in no change to the total bill over time.³⁴⁴ However, the WNA has consistently

³³⁹ CAUSE-PA St. 2 at 51; Columbia Gas of Pa. Inc., Tariff Supplement No. 388 to Tariff Gas – Pa P.U.C. No. 9, Fourteenth Revised Page 162.

³⁴⁰ CAUSE-PA St. 2 at 51

³⁴¹ I&E St. 3 at 15-16; I&E Exhibit No. 3, Sch. 3. pp. 1-5; *See* August 6, 2025, Evidentiary Hearing Transcript (Tr.) at 366:5-367:5.

³⁴² OCA St. 6 at 24-25.

³⁴³ CAUSE-PA St. 2-SR at 15-16.

³⁴⁴ CAP Statement No. 17-R at 10 (citing and quoting the Company's website at: <https://www.columbiagaspa.com/bills-and-payments/understanding-your-bill>).

operated in favor of the utility, to the detriment of customers. This factor supports elimination of the WNA.³⁴⁵

*(n) 69.3302(a)(14): Columbia's WNA does not support improvements in utility reliability.*³⁴⁶

Columbia has not provided evidence that the WNA would support improvements in utility reliability other than protecting its ability to collect its revenue requirement. There is insufficient information in the record to support Columbia's claim that cost of service is inclusive of investments and costs to continue to enhance the safety and reliability of its system,³⁴⁷ and the Commission should scrutinize Columbia's claim thoroughly.³⁴⁸ The WNA is not tied to the achievement of any reliability improvements or performance in any way by Columbia.³⁴⁹ In fact, the WNA reduces the positive attributes associated with traditional ratemaking – such as a lack of guaranteed revenue recovery – and, thus, may decrease incentives for Columbia to remain efficient.³⁵⁰ Furthermore, in the absence of the WNA, Columbia can file a rate case, as it frequently does, using a fully projected future test year to address its concerns about capital improvement and can implement a DSIC surcharge at the end of the FPFTY if necessary.³⁵¹

³⁴⁵ CPA St. 17-R at 12:12-18; CPA St. 17-RJ at 3:20-4:3; Tr. at 372: 3-7.

³⁴⁶ 52 Pa. Code § 69.3302 (a)(14).

³⁴⁷ CPA St. 17 at 34.

³⁴⁸ CAUSE-PA St. 2 at 62.

³⁴⁹ *Id.* at 62.

³⁵⁰ *Id.*

³⁵¹ *Id.*

3. Summary of Reasons to Deny WNA

As noted above, Columbia's WNA undermines energy efficiency and disproportionately burdens low income customers, raising deep concerns about fairness and equity.³⁵² While this mechanism protects Columbia from revenue volatility, it transfers the financial risk of warmer weather onto customers who may have already reduced their consumption to manage tight household budgets.³⁵³ For low income households, which often face difficult choices between heating, food, and other essentials, these additional charges undermine their ability to plan for and manage utility expenses effectively.³⁵⁴

Upon considering the Company's proposed WNA in the context of the Commission's guiding policy statements on alternative ratemaking methods, as well as the statutory basis for such methods, the Company's proposal should be rejected because it undermines cost-of-service principles, reduces consumer incentives to reduce energy usage, obscures price signals and makes customer bills more unpredictable, has a disproportionate impact on low-income customers, is difficult to understand for consumers, and lacks any consumer protections.³⁵⁵

³⁵² CAUSE-PA St. 2 at 63.

³⁵³ *Id.*

³⁵⁴ *Id.*

³⁵⁵ 66 Pa. C.S. § 1330(a)(2); 52 Pa. Code §§ 69.3301, 69.3302.

4. If the Commission allows the WNA to continue it should be substantially reformed.

As outlined more fully above, it is CAUSE-PA's position that Columbia has failed to meet its burden of demonstrating that the WNA produces just and reasonable rates and for all the reasons outlined above it should be denied. If the Commission determines that the WNA should remain in place, there are several reforms that should occur that would mitigate the worst outcomes of the WNA for consumers. Specifically, as Mr. Cicero explained in his direct testimony, it should be reformed as follows:

First, the WNA should remain a pilot for a limited period and not be made permanent and each of the additional recommendations below should be incorporated into any WNA that is ultimately permitted to continue.³⁵⁶

Second, all confirmed low income customers with income at or below 150% FPL should be exempt from the WNA charge. Mr. Cicero explained "[T]hese customers already face monthly challenges to be able to afford their bill each month and the addition of surprise charges on their bill because the weather is warmer than what was historically normal is both unfair in general and unreasonable as applied to economically vulnerable households."³⁵⁷ As a part of this recommendation, Columbia should be required to eliminate the WNA surcharge for CAP customers. CAP customers who are enrolled in Columbia's percentage of income payment do not pay these charges directly because their bills are capped at their percentage of income bills; however, for CAP customers whose

³⁵⁶ CAUSE-PA St. 2 at 64.

³⁵⁷ *Id.*

CAP bills are based on a percent of budget bill, the imposition of the WNA unreasonably increases these customers' CAP bills.³⁵⁸ In addition, since CAP customers do not pay their full tariff bill, the imposition of the WNA on CAP bills needlessly increases the costs of the CAP program paid for by other residential customers.³⁵⁹

Third, the months in which the WNA is operable should be reduced to the period from December through March, in alignment with the winter moratorium. Mr. Cicero explained, "If [December through March] are the only months when economically vulnerable households must retain service because of the possibility of cold weather, it is unreasonable to allow Columbia to assess a weather-related charge in the additional months of November, April, or May."³⁶⁰

Fourth, Columbia should be required to propose in its next rate case changes to the WNA formula. Mr. Cicero recommended the following changes: (1) Columbia should be required to calculate its normal heating degree days based on a rolling 10-year average that is updated annually so that the formula always calculates the most recent 10 years of weather; and, (2) Columbia should propose that WNA be applied on a per class basis, reconciled annually, and surcharged over the full 12-months of the subsequent year.³⁶¹ Both of these changes would likely improve stability of bills for customers when an WNA is applied and would eliminate the hardship that currently exists by imposing WNA charges

³⁵⁸ CAUSE-PA St. 2 at 63.

³⁵⁹ *Id.*

³⁶⁰ *Id.*

³⁶¹ *Id.* at 65.

during the highest usage and most expensive bills in the winter where energy burdens are at their highest.³⁶²

Thus, while CAUSE-PA strongly urges the Commission to order Columbia to discontinue its WNA, if the Commission decides to allow it to continue, it should only do so on the condition that it is amended in line with the recommendations above.

B. Revenue Normalization Adjustment

In Columbia's 2020 rate case, the Commission rejected the Company's proposal to implement an RNA.³⁶³ The Commission adopted findings from the Recommended Decision, which concluded that Columbia failed to prove the RNA Rider was needed and reasonable, or that the RNA Rider would result in rates that are just, reasonable and in the public interest.³⁶⁴ The Recommended Decision also found that Columbia failed to show its current rates and systems of revenue streams would fail to provide revenue stability.³⁶⁵

In the current proceeding, Columbia has again proposed an RNA, which is a full decoupling mechanism that will operate in parallel with its WNA to guarantee collection of Columbia's full authorized revenue requirement from its customers, regardless of how much energy a customer uses.³⁶⁶ Essentially, if Columbia's full annual revenue

³⁶² CAUSE-PA St. 2 at 65.

³⁶³ *Pa. PUC v. Columbia Gas of Pa., Inc.*, Opinion and Order, Docket No R-2020-3018835, at 264-265 (order entered Feb. 19, 2021).

³⁶⁴ *Id.* (citing RD at 403).

³⁶⁵ *Id.*

³⁶⁶ *See* CPA St. 17 at 43.

requirement is granted, including the increase sought in this case, Columbia will set rates to collect its total authorized gas revenue requirement.³⁶⁷ Thus, the RNA would guarantee the ability of Columbia to recover its full revenue requirement – representing a substantial departure from the current standard which only allows a public utility a “reasonable opportunity” (*not a guarantee*) to earn a fair rate or return.³⁶⁸ No party other than Columbia supports the RNA and the RNA is opposed by CAUSE-PA, OCA, I&E, OSBA, and PSU.

Whereas the WNA shifts the financial risk of lower usage due to warming weather onto customers, the RNA shifts *all* of the traditional business risk of reductions *for any reason* onto consumers.³⁶⁹

Columbia argues that the RNA is needed “to ensure full revenue stabilization that the WNA alone cannot achieve.”³⁷⁰ Columbia asserts:

While the WNA corrects for short-term weather driven deviations, the RNA addresses non-weather-related revenue fluctuations, along with weather-related revenue fluctuations not captured by the WNA (i.e., shoulder month heating loads sensitive to weather and the non-application of the WNA due to the deadband) and it ensures that Columbia recovers its approved revenue requirement even when long-term usage patterns change while ensuring customers do not pay more than their cost to serve.³⁷¹

While these assertions outline the benefit for Columbia, they do not identify any benefit for Columbia’s customers, who will pay more because of the RNA. If approved, the RNA would erode Columbia’s accountability to consumers, as it allows Columbia to

³⁶⁷ CAUSE-PA St. 1 at 65; OCA St. 1 at 17.

³⁶⁸ CAUSE-PA St. 1 at 66.

³⁶⁹ OCA St. 1, Ex. MWD-1 p. 1-2; OSBA St. 1 at 17; PSU St. 1 at 23-24.

³⁷⁰ CPA St. 17 at 46.

³⁷¹ *Id.*

lock in guaranteed revenue on a one-year lag basis, which lessens the burden of operating efficiently, improving collections, implementing critical assistance programs, or otherwise reducing expenses.³⁷² Rather than allowing a “reasonable opportunity” to earn a fair rate of return, the RNA would turn this longstanding standard on its head by guaranteeing collection of revenue.³⁷³ Through its RNA, Columbia would be able to charge for any authorized revenue that went uncollected – for any reason – in the prior year.³⁷⁴ The Commission ability to oversee the application of Columbia’s proposed RNA would largely be relegated to “grading Columbia’s homework” to make sure they have done the math correctly regarding the RNA true up, without any consideration as to the impact to consumers.³⁷⁵

According to Mr. Taylor’s testimony, had the RNA been in place over the years 2019 – 2024, these true ups would have cost ratepayers approximately \$68.9 million.³⁷⁶ Columbia has not provided any estimate of the bill impacts or analysis of any potential benefits to consumers due to the RNA.³⁷⁷ Indeed, there is no evidence in the record that the RNA would provide any benefit to consumers.

Consumers, particularly low income consumers, have an interest in safe, reliable, and affordable gas distribution service to heat their homes, cook their food, and provide

³⁷² CAUSE-PA St. 2 at 67.

³⁷³ *Id.*

³⁷⁴ *Id.*

³⁷⁵ *Id.*

³⁷⁶ *Id.* at 67-68 (*referencing* CPA St. 17 at 38, T. 6).

³⁷⁷ *Id.* at 68.

hot water.³⁷⁸ They receive no benefit from paying a surcharge in one year because in aggregate they and other customers did not use enough gas the prior year.³⁷⁹ Notably, the RNA would cost approximately \$350,000 to implement and Columbia would pass that cost onto consumers, requiring them to pay so that Columbia can secure its guaranteed revenue collection.³⁸⁰

1. The RNA is contrary to the Commission's Distribution Rate Policy.

(a) *69.3302(a)(1): Columbia's RNA violates cost causation principles.*³⁸¹

The RNA assumes that Columbia is entitled to recover its revenue requirement regardless of the usage or throughput of its customers.³⁸² While the RNA may be mathematically bi-directional and is not designed to allow recovery of more than the authorized revenue requirement, it does not align revenues with cost causation.³⁸³ Instead, the RNA fixes in time the revenue requirement that Columbia targets and guarantees it to receive this revenue requirement regardless of nearly any externality and regardless of how well or poorly Columbia manages its collections.³⁸⁴ The RNA would also reduce incentives for Columbia to seek needed corrections to its allocations because it would be able to

³⁷⁸ *Id.*

³⁷⁹ CAUSE-PA St. 2 at 68-69.

³⁸⁰ *Id.* at 70.

³⁸¹ 52 Pa. Code § 69.3302 (a)(1).

³⁸² CAUSE-PA St. 2 at 70; OCA St. 1, Ex. MWD-1 p. 1.

³⁸³ CAUSE-PA St. 2 at 70.

³⁸⁴ *Id.* at 70-71; OSBA St. 1 at 17.

recover its needed revenue without any concern about whether the allocation of that revenue requirement is fair, just or reasonable.³⁸⁵

The RNA is entirely revenue driven with no consideration of other factors that are considered in establishing a revenue requirement, which makes it a prime example of single-issue ratemaking.³⁸⁶ If economic conditions or natural disasters were to impact the supply (as occurred during the COVID-19 pandemic), the Company could be unable to complete planned capital investments, which would decrease material purchases and labor expenses, but the revenues would be held constant, which would result in a substantial increase to net income and return on equity in contradiction of cost of service principles.³⁸⁷

*(b) 69.3302(a)(2): Columbia's RNA does not support fixed capacity utilization.*³⁸⁸

Contrary to Columbia's assertions, the proposed RNA will not improve capacity utilization.³⁸⁹ Columbia's argument that the RNA improves infrastructure investment to meet capacity needs conflates the concept of *capacity utilization* with *revenue collection*.³⁹⁰ Since the RNA assesses charges on customers for throughput not consumed (due to weather and other conditions) and provides them with a *credit* if they use *more* of the system's capacity in the year prior, the WNA does not support fixed capacity utilization and may contribute to excessive usage in periods of high demand.³⁹¹

³⁸⁵ CAUSE-PA St. 2 at 71; OCA St. 1 at 19-20.

³⁸⁶ I&E St. 3 at 25-26.

³⁸⁷ *Id.*

³⁸⁸ 52 Pa. Code § 69.3302 (a)(2).

³⁸⁹ CAUSE-PA St. 2 at 71; OCA St. 1 Ex. MWD-1 p. 1.

³⁹⁰ CAUSE-PA St. 2 at 71 (responding to CPA St. 17 at 48-49).

³⁹¹ CAUSE-PA St. 2 at 71.

(c) 69.3302(a)(3): *Columbia's RNA does not reflect the level of demand associated with the customer's consumption levels.*³⁹²

The RNA, by design, is targeted to meet Columbia's revenue requirement at a fixed point in time.³⁹³ While that design is based on anticipated consumption at the end of the FPFTY, it fixes that revenue requirement as an entitlement despite projections of revenue loss based on weather and other factors.³⁹⁴ Columbia's forecasts can be prone to errors, which can bias future RNA surcharges.³⁹⁵ If Columbia's projections about use per customer are incorrect then the revenue requirement guarantee (baked in because of the RNA) will be targeted to collect revenue that may be higher or lower than needed.³⁹⁶ Additionally, since the RNA only generates revenue for Columbia when consumption is less than projected (and demand is less than anticipated) it does not actually reflect the level of demand that is associated with customers' anticipated usage.³⁹⁷

(d) 69.3302(a)(4): *Columbia's RNA does nothing to limit or eliminate interclass and intraclass cost shifting.*³⁹⁸

Columbia is proposing to base its RNA on a per customer basis, which mitigates some intraclass cost shifting.³⁹⁹ However, it exacerbates harm for customers who engage in energy efficiency because it means that Columbia will take back from each customer the savings that they generate in one year the next year assuming that overall revenue

³⁹² 52 Pa. Code § 69.3302(a)(3).

³⁹³ CAUSE-PA St. 2 at 71.

³⁹⁴ *Id.* at 71.

³⁹⁵ *Id.*; OCA St. 1 Ex. MWD-1 p. 1.

³⁹⁶ CAUSE-PA St. 2 at 71.

³⁹⁷ *Id.*

³⁹⁸ 52 Pa. Code § 69.3302 (a)(4).

³⁹⁹ CAUSE-PA St. 2 at 72.

requirement contribution is not met for that class.⁴⁰⁰ Additionally, the RNA may cause intraclass cost shifting by requiring customers to pay for the reductions in use that were caused by other customers. If customers reduce their consumption due to efficiency, weather, or energy conservation, and those reductions lead to a decline in billed revenue compared to the authorized revenue, Columbia would be permitted to surcharge all customers within the class irrespective of whether those customers contributed to the revenue requirement shortfall.⁴⁰¹ This could shift revenue within the Residential class from customers who are financially able to invest in energy efficiency and conservation measures to low income customers who are not financially able to make those same investments, shifting costs from higher income customers onto low income customers.⁴⁰²

*(e) 69.3302(a)(5): Columbia's RNA does not eliminate disincentives for the promotion of energy efficiency.*⁴⁰³

Columbia does not currently have disincentives to pursue or promote energy efficiency programs.⁴⁰⁴ Columbia's energy efficiency programs are collected through pass through charges.⁴⁰⁵ These programs are either required by law (i.e. LIURP) or already voluntarily proposed by Columbia – their voluntary EE&C program. Columbia has proposed no enhancements to these programs because of its proposed RNA.⁴⁰⁶ With the

⁴⁰⁰ CAUSE-PA St. 2 at 72.

⁴⁰¹ *Id.*

⁴⁰² *Id.* at 71; OCA St. 1 Ex. MWD-1 p. 1; I&E St. 3 at 26.

⁴⁰³ 52 Pa. Code § 69.3302 (a)(5).

⁴⁰⁴ CAUSE-PA St. 2 at 72; OCA St. 1 Ex. MWD-1 p. 1.

⁴⁰⁵ CAUSE-PA St. 2 at 72.

⁴⁰⁶ *Id.*

RNA, Columbia will be unconcerned about its throughput, but this will reduce any incentive by Columbia to efficiently manage its operations.⁴⁰⁷ As noted more fully below, the RNA will, however, disincentivize customers from participating in energy efficiency programs as it will undercut any resultant bill reductions.⁴⁰⁸

*(f) 69.3302(a)(6): Columbia's RNA disincentivizes the employment of residential efficiency measures.*⁴⁰⁹

The RNA surcharges all customers in a rate class a flat fee if in the prior year, there was a revenue shortfall for that class for any reason.⁴¹⁰ This fact generates two seemingly contradictory results: (1) customers who can engage in energy efficiency may have a reduced incentive to do so, and (2) customers who cannot reduce their usage may nevertheless end up paying more because other customers have reduced their usage.

Turning to the first concern, customers who engage in energy efficiency would have reduced incentive to do so because the RNA would allow Columbia to recover some or all savings achieved through efficiency in the subsequent year when the RNA is assessed.⁴¹¹ This is because of the way the RNA is calculated, customers who engage in energy efficiency throughout the year may have to pay back any bill savings achieved in the subsequent year if total revenue collected per customer does not match Columbia's authorized revenue.⁴¹² That is, they may get savings in year one when they install their

⁴⁰⁷ CAUSE-PA St. 2 at 72.

⁴⁰⁸ *Id.* at 73.

⁴⁰⁹ 52 Pa. Code § 69.3302 (a)(6).

⁴¹⁰ CAUSE-PA St. 2 at 65-66.

⁴¹¹ *Id.* at 73; OCA St. 1 Ex. MWD-1 p. 1; PSU St. 1 at 23.

⁴¹² CAUSE-PA St. 2 at 73.

energy efficiency or reduce their usage, but if Columbia does not collect its authorized revenue requirement in that year, they and other customers will be required to pay an RNA surcharge the following year. While that charge may not be as great as the savings they incurred depending on their conservation and reduction measures, the fact of the matter is that the RNA will at the very least be likely to take back some of the savings. In addition, like with the WNA, and discussed in further detail below, the RNA will also erode the effectiveness of LIURP at reducing usage and corresponding bills for CAP participants, which are prioritized for LIURP as a cost-control feature to help reduce overall CAP costs that are paid for by other residential customers.⁴¹³

Similarly, and of particular concern, customers who cannot engage in energy efficiency or conservation such as low income customers who cannot afford to reduce their usage in one year will also have to pay more in the next year if other customers *who can afford* to reduce their usage do so in a way that causes Columbia not to meet its revenue targets.⁴¹⁴ This is because the surcharge is not limited to those who contribute to the revenue shortfall - all customers are assessed the RNA surcharge. Thus, the RNA does not support or encourage energy efficiency, it penalizes those who do engage in conservation – as well as those who do not.

⁴¹³ CAUSE-PA St. 2 at 72.

⁴¹⁴ *Id.* at 73.

(g) *69.3302(a)(7): Columbia's RNA would have a detrimental impact on low-income customers and customer assistance programs.*⁴¹⁵

The RNA will have a detrimental and disproportionate impact on low income households.⁴¹⁶ The nearly 70,000 estimated low income customers who are not enrolled in CAP will bear the full brunt of the proposed RNA because, despite any and all efforts to reduce consumption, they will be surcharged the following year for not having used enough gas the year before.⁴¹⁷ As explained in detail throughout this main brief, these non-CAP low income households already have unaffordable energy burdens and cannot afford these additional charges.⁴¹⁸ Similar to the WNA discussed above, the additional charges from the RNA would also drive up the cost of CAP recovered from other residential ratepayers, as it would drive increased need for rate assistance and increased pre-program arrearages.⁴¹⁹

While CAP customers would be excluded from the RNA, Columbia's claim that the RNA actually supports customer assistance programs is without merit.⁴²⁰ Columbia's argument that the RNA supports the continued funding of CAP is without merit, because Columbia's Rider USP funds low income programs, they are not funded through general rates. Since Rider USP is a reconcilable and non-bypassable surcharge for which Columbia

⁴¹⁵ 52 Pa. Code § 69.3302 (a)(7).

⁴¹⁶ CAUSE-PA St. 2 at 73-74; OCA St. 5 at 100-107.

⁴¹⁷ CAUSE-PA St. 2 at 74.

⁴¹⁸ CAUSE-PA St. 1 at 6-21.

⁴¹⁹ CAUSE-PA St. 2 at 58.

⁴²⁰ *Id.* at 73.

receives full cost recovery, there is nothing about the RNA that supports low income programs.⁴²¹

Further, as outlined above, the RNA will have a detrimental impact on low income customers' ability to reduce their bills through energy efficiency measures.⁴²² This undercuts the ability of Columbia's LIURP to help reduce customer bills through energy efficiency measures and, in turn, will detrimentally impact the program's ability to reduce terminations and uncollectible expenses – while eroding the ability of LIURP to help control CAP costs by targeting usage reduction for high usage CAP participants.⁴²³

The RNA will also lead to inequitable intraclass subsidies causing low income customers to subsidize more advantaged residential ratepayers who can afford to implement energy efficiency measures and efficient appliances that low income customers cannot afford.⁴²⁴ Essentially, the RNA takes revenue that is traditionally billed to all customers and, as more customers take steps to reduce their consumption (and thus reduce the revenue billed to them) reallocates those dollars to those customers that do not.⁴²⁵ These are disproportionately low-income customers who cannot afford measures such as energy efficient appliances or insulation and air sealing.⁴²⁶

⁴²¹ CAUSE-PA St. 2 at 73-74.

⁴²² *Id.* at 57.

⁴²³ *Id.*

⁴²⁴ OCA St. 5 at 101-104.

⁴²⁵ *Id.*

⁴²⁶ OCA St. 5 at 104.

(h) 69.3302(a)(8): *There is no evidence that Columbia's RNA would produce more stable bills for consumers.*⁴²⁷

Columbia claims that the RNA will help customers benefit from more predictable distribution charges over time.⁴²⁸ However, there is no basis in the way the RNA operates to conclude that it will produce more stable bills for consumers.⁴²⁹ The RNA will either increase or decrease a customer's bill in one year based on their total class having used less or more than was determined that they would use when rates were set.⁴³⁰ There is no evidence that customers will see or benefit from more stable distribution charges over time.⁴³¹ Further, the Company fails to include a cap on surcharges under the proposed RNA; therefore, the proposed RNA may result in extraordinary reconciliation charges.⁴³² The RNA increase will continue irrespective of the steps that those households take to reduce their usage because the RNA guarantees revenue for Columbia.⁴³³ Moreover, as explained above regarding the WNA and Columbia's fixed charge proposal, a more stable bill that is not affordable does not benefit low income consumers faced with unaffordable energy burdens and disproportionate termination rates.⁴³⁴ In this regard, as outlined in later sections of this brief, Columbia should be focused on increasing CAP enrollment – which actually does provide predictable and affordable bills for program participants.

⁴²⁷ 52 Pa. Code § 69.3302 (a)(8).

⁴²⁸ CPA St. 17 at 50.

⁴²⁹ CAUSE-PA St. 2 at 74.

⁴³⁰ *Id.* at 74; I&E St. 3 at 27.

⁴³¹ CAUSE-PA St. 2 at 74.

⁴³² OCA St. 1, Ex. MWD-1 p. 2.

⁴³³ CAUSE-PA St. 2 at 74.

⁴³⁴ *Id.*

Further the RNA addresses reductions in revenue from decreased usage, without also considering the corresponding reduction in expenses, Columbia Gas is not making an accurate adjustment to maintain stability in earnings.⁴³⁵ Since the greatest potential for expense reductions lies with low-income usage reduction, low-income customers will be most adversely affected by this failure.⁴³⁶ When low-income customers reduce their consumption, Columbia Gas will not only reduce its revenue, but it will reduce its expenses as well. Usage reduction is a particularly effective mechanism to use to control expenses because it reduces costs for late payments and terminations.⁴³⁷

*(i) 69.3302(a)(9): Columbia's RNA, while facially weather neutral, would deprive consumers of any WNA credits in colder than normal months.*⁴³⁸

The proposed RNA in effect extends the existing WNA designed to recover revenue changes due to fluctuations in weather to all other non-weather factors affecting month-to-month revenue changes.⁴³⁹ In its effect, and as explained above in the section addressing Columbia's WNA, the proposed RNA would work in concert with the WNA to deprive customers of any benefit in the few instances where the WNA provides a credit to consumers.⁴⁴⁰ This is because the RNA would take back any WNA credit in the next year to the extent that the overall billed revenue was not equal to the authorized revenue.⁴⁴¹ This

⁴³⁵ OCA St. 5 at 106-107.

⁴³⁶ *Id.*

⁴³⁷ *Id.*

⁴³⁸ 52 Pa. Code § 69.3302 (a)(9).

⁴³⁹ OCA St. 1, Exhibit MWD-1 at 2 of 4.

⁴⁴⁰ CAUSE-PA St. 2 at 74.

⁴⁴¹ *Id.*

also works to take back any savings associated with the existing WNA deadband as those revenues – while not billed under the WNA, are nevertheless considered “lost” by the Company and would be included in future RNA charges.⁴⁴²

*(j) 69.3302(a)(10): Columbia’s RNA would not impact the frequency of rate case filings nor affect regulatory lag.*⁴⁴³

Despite guaranteeing collection of an authorized revenue requirement, Columbia concedes that there is no evidence that the RNA will reduce the frequency of rate cases.⁴⁴⁴ From a consumer perspective, this is a “lose-lose situation” where Columbia can guarantee full recovery of approved revenues while also seeking ongoing increases in rates.⁴⁴⁵ For Columbia, rate cases occur nearly annually and have been approved to increase revenue by more than \$400 million over the past decade.⁴⁴⁶

Further, Columbia’s proposed RNA would adjust the rate for participating classes on a period-by-period basis outside of the framework of rate case filings.⁴⁴⁷ This means that customers will consistently have their rates adjusted to account for revenue shortfall or surplus without the transparency and due diligence that accompany a rate case.⁴⁴⁸

⁴⁴² CAUSE-PA St. 2 at 74-75.

⁴⁴³ 52 Pa. Code § 69.3302 (a)(10).

⁴⁴⁴ CPA St. 17 at 51:3-7.

⁴⁴⁵ CAUSE-PA St. 2 at 75.

⁴⁴⁶ *Id.*

⁴⁴⁷ OSBA St. 1 at 17.

⁴⁴⁸ *Id.*; I&E St. 3 at 27.

(k) 69.3302(a)(11): Columbia’s RNA would work in concert with the WNA to deprive customers in the few instances where the WNA would provide a credit.⁴⁴⁹

As explained above, the proposed RNA would work in concert with the WNA to deprive customers in the few instances where the WNA provides credit to consumers.⁴⁵⁰ The RNA would take that credit, along with any under-collection because of the WNA deadband, back in the next year to the extent that the overall billed revenue was not equal to the authorized revenue.⁴⁵¹

(l) 69.3302(a)(12): Columbia’s RNA lacks appropriate consumer protections.⁴⁵²

The RNA will exacerbate energy insecurity for non-CAP low income households without any protection to assist these households to maintain service at affordable rates.⁴⁵³ Columbia cites the same “consumer protections” for the RNA as for the WNA (i.e. no over recovery of revenue, no cross-subsidization, regulatory oversight, and customer transparency).⁴⁵⁴ As concluded above regarding the WNA, these are not actual consumer protections.⁴⁵⁵ There is no cap on the amount of RNA revenue that Columbia could surcharge any one customer, and may result in extraordinary reconciliation charges.⁴⁵⁶ Further, while Columbia asserts that the Commission would provide scrutiny between rate

⁴⁴⁹ 52 Pa. Code § 69.3302 (a)(11).

⁴⁵⁰ CAUSE-PA St. 2 at 75.

⁴⁵¹ *Id.*

⁴⁵² 52 Pa. Code § 69.3302 (a)(12).

⁴⁵³ CAUSE-PA St. 2 at 76.

⁴⁵⁴ CPA St. 17 at 51-52.

⁴⁵⁵ CAUSE-PA St. 2 at 76.

⁴⁵⁶ *Id.*; OCA St. 1, Ex. MWD-1 p. 2.

cases, the scrutiny is limited to mathematical scrutiny to ensure that the RNA was calculated correctly, not whether the charges were or were not excessive.⁴⁵⁷

(m) 69.3302(a)(13): *Columbia's RNA is complicated and not transparent or understandable for consumers.*⁴⁵⁸

The RNA is not transparent or understandable for consumers.⁴⁵⁹ While Columbia has agreed to provide the RNA on a separate line on its bill, there is nothing understandable about the RNA – which, like the WNA, is antithetical to how most customers perceive their utility bills to work.⁴⁶⁰ Most consumers understand that they should be charged for gas distribution service that they use; whereas, the RNA imposes a charge that is illogical to most consumers because it charges a fee for service that they *did not use in the prior year*.⁴⁶¹ It is implausible that customers will readily understand or accept this surcharge.⁴⁶²

Columbia claims it will implement clear customer communications; however, these assertions are merely aspirational.⁴⁶³ Columbia has not developed or implemented any customer communications about the RNA. Thus, Columbias assertions cannot be tested with any rigor in this case, which alone is a reason to reject the charge.⁴⁶⁴ Further, when asked in discovery how customers will be able to verify that the RNA charge on their bill is accurate, Columbia responded that customers “will be able to compare the monthly RNA

⁴⁵⁷ CAUSE-PA St. 2 at 76.

⁴⁵⁸ 52 Pa. Code § 69.3302 (a)(13).

⁴⁵⁹ CAUSE-PA St. 2 at 76; OSBA St. 1 at 18; OCA St. 1, Ex. MWD-1 p. 2.

⁴⁶⁰ CAUSE-PA St. 2 at 76.

⁴⁶¹ *Id.*

⁴⁶² *Id.*

⁴⁶³ *Id.* at 77 (responding to CPA St. 17 at 52).

⁴⁶⁴ CAUSE-PA St. 2 at 77.

amount determined in the Company's annual reconciliation filing with the amount included in their bills for this line item."⁴⁶⁵ This means that customers will have to understand the multi-variable, algebraic equation used to calculate the RNA charge if they want to test the accuracy of Columbia's calculation.⁴⁶⁶ It is unreasonable to expect customers to be able to figure out this calculation to confirm the accuracy of the charge.⁴⁶⁷

*(n) 69.3302(a)(14): Columbia's RNA would not support improvements in utility reliability.*⁴⁶⁸

Columbia has failed to demonstrate that the RNA will help support improvements in reliability.⁴⁶⁹ CAUSE-PA respectfully urges the Commission to scrutinize Columbia's claim. The RNA is not tied to any achievement of reliability improvements or performance in any way. It reduces the positive attributes associated with traditional ratemaking and, thus, may decrease incentives for Columbia to be efficient and to meet high standards for customer service.⁴⁷⁰ In the absence of the RNA, Columbia can (and quite frequently does) file a rate case using a fully projected future test year (FPFTY) to address any and all concerns about capital improvement and can implement a DSIC surcharge if necessary, at the end of the FPFTY.⁴⁷¹

⁴⁶⁵ CAUSE-PA St. 2 at 77.

⁴⁶⁶ *Id.*

⁴⁶⁷ *Id.*

⁴⁶⁸ 52 Pa. Code § 69.3302 (a)(14).

⁴⁶⁹ CAUSE-PA St. 2 at 77.

⁴⁷⁰ *Id.*; OCA St. 1 Ex. MWD.

⁴⁷¹ CAUSE-PA St. 2 at 77.

Thus, the Commission should reject Columbia's proposed RNA. The RNA does not provide any material benefits to Columbia ratepayers and would likely compound energy insecurity for low income households.⁴⁷² While Columbia argues it would benefit from guaranteed revenue as authorized in this and future rate cases, it has not carried its burden to demonstrate that the RNA would be a better approach than traditional ratemaking and the scrutiny that rate cases would provide.⁴⁷³

XII. UNIVERSAL SERVICE ISSUES

Columbia is required to maintain a portfolio of universal service programs that is appropriately funded and administered to assist low income households to connect and maintain service to their home.⁴⁷⁴ In light of Columbia's proposals in this case to substantially increase rates, CAUSE-PA submits that the Commission must make corresponding adjustments to Columbia's universal service and energy conservation programs to ensure they are meeting the needs of Columbia's low income customers and fulfilling all corresponding statutory and regulatory requirements.

The eligibility, benefits, and program rules for Columbia's universal service programs are detailed in Columbia's Universal Service and Energy Conservation Plan

⁴⁷² CAUSE-PA St. 2 at 77-78.

⁴⁷³ *Id.* at 78.

⁴⁷⁴ 66 Pa. C.S. §§ 2202, 2203(7)-(8).; 52 Pa. Code §§ 62.3, 62.4. *See* section I.B, above, for a full discussion of the applicable legal standards for universal service and energy conservation programs.

(USECP), which was approved by the Commission in April 2024.⁴⁷⁵ Columbia's next USECP is not due to be filed until 2030 – long after any approved increase in rates will take effect.⁴⁷⁶

USECPs are reviewed by the Commission through a comment proceeding, which does not provide a full evidentiary basis of review – nor does it allow for the Commission to account for changing and evolving circumstances which necessarily impact the reach and effectiveness of universal service and energy conservation programs. Thus, full review of universal service programs in the context of a rate proceeding – where the justness and reasonableness of a utility's rates, programs, and terms and conditions are subject to searching review – is critically important to determine whether existing programs are adequate to meet the needs of a utility's low income customers to afford and maintain service to their home. Indeed, rates for basic services – including rates available to low income households through CAP – cannot be determined to be just and reasonable if low income customers are unable to access service either on their own or with assistance through a universal service or energy conservation program.

Columbia's universal service programs include (1) a Customer Assistance Program (CAP), (2) a Hardship Fund, (3) a Low Income Usage Reduction Program (LIURP), and (4) a Customer Assistance and Referral Evaluation Services (CARES).⁴⁷⁷ Columbia's

⁴⁷⁵ CAUSE-PA St. 1 at 21, *see Columbia Gas of Pa., Inc. Universal Service and Energy Conservation Plan for 2024–2028*, Final Order, Docket No. M–2023–3039487 (order entered April 4, 2024).

⁴⁷⁶ CPA St. 16-R at 7.

⁴⁷⁷ CAUSE-PA St. 1 at 21.

LIURP also encapsulates two critical sub-programs: an Emergency Repair Program and a Health and Safety Pilot.⁴⁷⁸ Notably, Columbia also operates an Audits and Rebates Program (A&R) for low income households that is recovered through its Universal Service Rider (Rider USP) but is not referenced or otherwise detailed in its USECP. Columbia's low income assistance programs are inadequate in terms of both scope and reach to address the impact of Columbia's proposed rate increase.

In the current proceeding, Columbia is seeking approval of three universal service program changes: (1) implementation of a two-year CAP Arrearage Pilot Program to assist former CAP participants to reenroll in the program;⁴⁷⁹ (2) adoption of a two-year "Speech Analytics Pilot" program to help identify potential CAP-eligible households;⁴⁸⁰ and (3) approval to recover the cost for its Energy Assistance Team (EAT) through its Universal Service Rider – rather than including these costs within its base rates.⁴⁸¹

We will discuss the merits of each of these proposals below, in the context of reviewing additional recommendations for each of Columbia's universal service and energy conservation programs. However, we note here that Columbia's universal service proposals in this case fall woefully short of addressing the substantial unmet need for assistance, which will grow exponentially if any increase in rates is approved as a result of this proceeding. The Commission must require Columbia to adopt additional program

⁴⁷⁸ CAUSE-PA St. 1 at 22.

⁴⁷⁹ CPA St. 16 at 3-7.

⁴⁸⁰ CPA St. 13 at 7-10

⁴⁸¹ *Id.* at 10-15.

reforms to help ensure low income customers are able to maintain service to their home following approval of any rate increase in this proceeding.

A. Customer Assistance Program.

1. CAP enrollment is critically important to offset harmful rate impacts on low income households but is substantially undersubscribed - reaching just 23% of estimated eligible customers.

Columbia's CAP is a statutorily mandated universal service program that provides targeted rate relief and arrearage management tools for households with income at or below 150% of the federal poverty level (FPL).⁴⁸² This combination of prevention-focused relief offers economically vulnerable customers an alternative path to collections that helps low income households to afford and maintain gas service by providing an affordable monthly bill, which in turn improves bill payment and coverage rates and reduces collections and termination rates among its participants.⁴⁸³ As show in table 1 above, confirmed low income households that are not participating in CAP have a 10% termination rate and are more than twice as likely to face involuntary termination than households enrolled in CAP, who have a 4% termination rate.⁴⁸⁴

⁴⁸² 66 Pa. C.S. § 2202, 2203(8).

⁴⁸³ CAUSE-PA St. 1 at 17, 23.

⁴⁸⁴ *See supra* T. 1, Involuntary Termination Rate, Residential and Confirmed Low Income (CLI) (2022-2024); CAUSE-PA St. 1 at 17, T. 4.

To varying degrees, and depending on a participant's applicable CAP rate,⁴⁸⁵ participation in the program helps to ease the impact of any increase in distribution rates.⁴⁸⁶

CAP customers with a [percentage of income CAP rate] and/or minimum bill CAP rate will not experience an impact to their monthly payment as a result of any approved rate increase, while CAP participants with a [percentage of budget bill CAP rate] will experience an increase at the time of their annual budget bill adjustment, up to the amount of their applicable PIP rate. If a CAP customers' PBB rate exceeds the PIP rate, it will be switched to the PIP rate with the next quarterly adjustment.⁴⁸⁷

Given the success at which CAP helps insulate low income customers from the severe negative consequences of a rate increase, expanded enrollment in CAP is an important part of offsetting the negative impact of Columbia's proposed rate increase on low income households.

Despite the program's effectiveness, the vast majority of eligible customers (between 70-77% of Columbia's low income customers – or roughly 70,000 estimated eligible households) are not enrolled.⁴⁸⁸ These low income customers are currently charged Columbia's full tariffed rate and are subject to the unaffordable energy burdens described

⁴⁸⁵ CAP rates are calculated based on the applicable percentage of income (PIP) or the applicable percentage of budget bill (PBB), whichever is lowest. PIP rates are set at 4% for those with income between 0-50% FPL, and 6% for those with income between 51-150% FPL. PBB rates are set at 50% of budget bill for customers at or below 50% FPL and 75% of budget bill for customers with income between 51-150% FPL. Columbia imposes a minimum CAP rate of \$25. On a quarterly basis, Columbia reviews and adjusts CAP rates to the lowest option available. CAUSE-PA St. 1 at 23.

⁴⁸⁶ *Id.* at 23.

⁴⁸⁷ *Id.* at 23-24.

⁴⁸⁸ *Id.* at 11, 24 (As of December 2024, only 20,988 Columbia customers were enrolled in CAP, accounting for only 23% of its 91,881 estimated low income customers, and 30% of its 70,114 confirmed low income customers.).

above.⁴⁸⁹ They will also bear the full, unmitigated impact of any residential increase that the Commission allows in this proceeding. This substantial under enrollment undercuts the intent of the Choice Act and limits the ability of CAP to mitigate unaffordability for low income customers.⁴⁹⁰

2. The Commission should require Columbia to utilize data obtained through the Pennsylvania Department of Human Service (DHS) LIHEAP Data Sharing Program to improve CAP enrollment.

In 2024, 6,481 of Columbia's LIHEAP recipients were not enrolled in CAP, despite the fact they were known by the Company to be income-eligible for a lower rate through CAP based on their qualification for LIHEAP – which has the same income eligibility threshold.⁴⁹¹ To address this deficiency, Columbia should seek to further leverage data obtained through the Pennsylvania Department of Human Service (DHS) LIHEAP Data Sharing Program to automatically enroll LIHEAP recipients into CAP.⁴⁹²

On June 13, 2024, in anticipation of the DHS LIHEAP Data Sharing Program, the Commission issued an Order encouraging utilities to participate in the data sharing program for uses such as streamlined outreach and enrollment and/or auto-recertification.⁴⁹³ Mr. Geller explained the data sharing program:

In October 2024, following years of collaborative policy development through the DHS LIHEAP Advisory Committee, DHS launched a LIHEAP

⁴⁸⁹ *See, supra*, T. 5: Impact of Rate Increase on Non-CAP Confirmed Low Income (CLI) Customers with Average Usage; *see also* CAUSE-PA St. 1 at 13-16, T. 3.

⁴⁹⁰ CAUSE-PA St. 1 at 25.

⁴⁹¹ *Id.* at 25.

⁴⁹² *Id.* at 25.

⁴⁹³ *2023 Review of All Jurisdictional Fixed Utilities' Universal Service Programs*, Order, Docket No. M-2023-3038944, at 5 (order entered June 13, 2024).

Data Sharing Program. Through the program, if a LIHEAP recipient checks a box on their LIHEAP application providing their affirmative consent, DHS will share detailed income and household composition data for LIHEAP recipients with participating utilities. To participate, utilities must sign a data sharing agreement with DHS, which includes detailed data security parameters and affirmatively requires utilities to use the data for the limited purpose of enrolling or recertifying eligible households into the utilities' universal service programs.⁴⁹⁴

For the utility to receive data about a LIHEAP recipient, that customer must affirmatively consent to participate in the data sharing program – *explicitly indicating they want DHS to share information from their application “to help enroll [their] household in a utility or energy assistance program.”*⁴⁹⁵ In other words, LIHEAP recipients that opt in to the data sharing program are affirmatively indicating that they want and need help to enroll in CAP.

Columbia developed a process to simplify enrollment and recertification processes for CAP through the use of LIHEAP data, but these processes still fall short of fully leveraging the benefits possible through full utilization of this critical data sharing program.⁴⁹⁶ Through its current data utilization process, Columbia sent a targeted email to 867 LIHEAP recipients about the availability of a streamlined CAP enrollment process, but was only able to enroll 169 (19%) into CAP.⁴⁹⁷ No customers were able to be recertified through its current process.⁴⁹⁸

Adoption of an automated enrollment process through utilization of shared LIHEAP data would help to reduce administrative burdens for both the Company and the customer,

⁴⁹⁴ CAUSE-PA St. 1 at 26.

⁴⁹⁵ CAUSE-PA St. 1-SR at 25.

⁴⁹⁶ CAUSE-PA St. 1 at 28.

⁴⁹⁷ *Id.* at 29.

⁴⁹⁸ *Id.*

which in turn would help to improve CAP enrollment rates and better mitigate the negative impact of Columbia’s proposed rate increase on low income families.⁴⁹⁹ At the same time, an automated enrollment process would promote administrative efficiencies within the program by reducing unnecessary and duplicative administrative costs.⁵⁰⁰

CAUSE-PA recognizes that there are a number of detailed considerations that should be developed prior to launching an automated enrollment process. Nevertheless, we strongly assert that Columbia should be required to advance efforts to meaningfully improve CAP enrollment in the context of this case. As discussed, enrollment in CAP is critical to reduce disproportionately high collections and termination rates for low income families – especially in the face of Columbia’s proposal to substantially increase rates. Thus, as a condition of any approved increase in rates through this proceeding, we recommend that the Commission require Columbia to develop a detailed proposal and file a Petition to amend its USECP to implement an auto-enrollment process within 120 days of the Commission’s final order in this case.⁵⁰¹

In developing its Petition, Columbia should follow the Commission’s recent guidance in response to a recent Petition from Peoples Gas for permission to initiate a LIHEAP auto enrollment program.⁵⁰² The Commission’s Order in this case detailed the

⁴⁹⁹ CAUSE-PA St. 1 at 26.

⁵⁰⁰ *Id.* at 26.

⁵⁰¹ *Id.* at 26.

⁵⁰² *Petition of Peoples Natural Gas Company LLC – to Amend 2019-2023 Universal Service and Energy Conservation Plan*, Order, Docket No. P-2024-3052324 (order entered April 24, 2025). The Commission initially denied Peoples Petition *without prejudice*, though the case remains pending reconsideration at this time. *See* CAUSE-PA St. 1-SR at 24.

threshold elements that must be addressed in order for the Commission to fully consider an auto-enrollment Petition.⁵⁰³ These elements include: “considerations for addressing pre-program arrearages and shopping status; a proposed process for opt-out and consumer education; and an analysis of projected costs and savings through the end of Columbia’s 2024-2028 USECP.”⁵⁰⁴ Columbia should consult with its USAC members and seek their feedback regarding the design features of the auto-enrollment process.⁵⁰⁵

CAUSE-PA fundamentally disagrees with the arguments put forth by Ms. Davis that that LIHEAP auto-enrollment would “force” low income households to participate in CAP.⁵⁰⁶ As explained above, for Columbia to receive data about a LIHEAP recipient, that customer must affirmatively indicate that they want DHS to share their information with the utility “*to help enroll [their] household in a utility or energy assistance program.*”⁵⁰⁷ Considering that these customers have already opted in to share their personal information for the purpose of enrolling in the utility’s assistance program, it is exceedingly unlikely that they would reject the opportunity to reduce their monthly bills and receive arrearage forgiveness.⁵⁰⁸ Nevertheless, customers should be provided an opportunity to review the responsibilities associated with the program, such as recertification requirements and cooperation with weatherization, and should be given the opportunity to opt out.⁵⁰⁹ These

⁵⁰³ CAUSE-PA St. 1-SR at 25; CAUSE-PA St. 1 at 26.

⁵⁰⁴ CAUSE-PA St. 1 at 26.

⁵⁰⁵ *Id.* at 26.

⁵⁰⁶ CAUSE-PA St. 1-SR at 24 (responding to CPA St. 1-R at 2).

⁵⁰⁷ *Id.* at 25.

⁵⁰⁸ *Id.* at 25.

⁵⁰⁹ *Id.* at 25-26.

details should be addressed in Columbia’s Petition and should not be used as an excuse to eschew efforts to leverage available data to streamline application requirements and benefit its low income customers.⁵¹⁰

CAUSE-PA also strenuously disagrees with Ms. Davis’s assertion that a LIHEAP grant is enough to create an affordable bill for customers, without CAP enrollment, as she provides no support for this contention.⁵¹¹ LIHEAP only reaches an estimated 30% of eligible households and is not adequately funded to address existing unaffordability – *let alone increased unaffordability because of Columbia’s rate increase*.⁵¹² In the 2024/2025 LIHEAP program year, the average LIHEAP Cash grant for gas heating customers was just \$280; whereas, under Columbia’s proposed increase, the total bill for a typical residential customer would increase by approximately \$190/year.⁵¹³ Thus, Columbia’s proposed increase would subsume 68% of the average 2024/2025 cash grant for gas consumers.⁵¹⁴ LIHEAP funding declined precipitously from the 2023/2024 program year to 2024/2025 program year, and continued federal funding for the program is uncertain.⁵¹⁵

Regarding the generalized concerns expressed by Ms. Davis about the potential need for a manual review of accounts that are ineligible for CAP for various reasons, we

⁵¹⁰ CAUSE-PA St. 1-SR at 26.

⁵¹¹ *Id.* at 26.

⁵¹² CAUSE-PA St. 1 at 19.

⁵¹³ *Id.*

⁵¹⁴ *Id.*

⁵¹⁵ *Id.*

note that Columbia can propose exceptions to the auto-enrollment process.⁵¹⁶ This is why CAUSE-PA recommends moving forward through advancement of a separate petition, as it will allow Columbia to build in appropriate exceptions that may be necessary to avoid unintended consequences to workflow. The fact that some types of accounts may face additional obstacles to automated enrollment should not prevent Columbia from moving forward to enroll households which are clearly eligible for and will benefit from CAP.⁵¹⁷ Further, Columbia's petition should explain how Columbia will accomplish education of newly enrolled CAP participants about their rights and responsibilities.⁵¹⁸ The need for customer education should not serve as a barrier to streamlining enrollment helping improve Columbia's low CAP participation rates.⁵¹⁹

Columbia is statutorily obligated to ensure that its CAP is adequately funded and accessible to those in need. Columbia's rates are already the highest among all NGDCs on an average basis and Columbia is proposing to raise rates even higher in this proceeding.⁵²⁰ Thus, it must take necessary steps to improve the enrollment of eligible customers in CAP.⁵²¹ Leveraging LIHEAP data to implement automated CAP enrollment is a necessary step in achieving that goal.⁵²²

⁵¹⁶ CAUSE-PA St. 1-SR at 26.

⁵¹⁷ *Id.*

⁵¹⁸ *Id.*

⁵¹⁹ *Id.*

⁵²⁰ CAUSE-PA St. 1 at 5.

⁵²¹ 66 Pa. C.S. § 2203(8); CAUSE-PA St. 1-SR at 26.

⁵²² CAUSE-PA St. 1-SR at 26.

3. Columbia should implement routine screening of applicants and customers to determine eligibility for CAP and other universal service programs.

To further help address Columbia’s low CAP enrollment levels, the Commission should require Columbia to implement routine screening of its applicants and customers to determine eligibility for CAP and other universal service programs.⁵²³ As it stands, Columbia only refers customers to universal service programs when they are seeking a payment arrangement. It is imperative to routinely and proactively connect customers with assistance *before* payment difficulties occur.⁵²⁴ Improving Columbia’s identification of low income customers and matching them to critical rate assistance and usage reduction services at the earliest opportunity is essential to providing just and reasonable rates and service to low income households.⁵²⁵ Improved screening and referrals would help ensure households are receiving the most advantageous available rate.⁵²⁶ This is not only good policy, it is a statutory obligation.⁵²⁷ Pursuant to the Public Utility Code, utilities “shall, after notice of service conditions, compute bills under the rate most advantageous to the patron.”⁵²⁸

⁵²³ CAUSE-PA St. 1-SR at 26.

⁵²⁴ CAUSE-PA St. 1 at 30

⁵²⁵ *Id.*

⁵²⁶ *Id.*

⁵²⁷ 66 Pa. C.S. § 1303 (“Any public utility, having more than one rate applicable to service rendered to a patron, shall, after notice of service conditions, compute bills under the rate most advantageous to the patron.”)

⁵²⁸ 66 Pa. C.S. § 1303.

To more accurately identify CAP eligible customers and enroll these customers in a CAP rate, Columbia should be required to take the following steps:

- Screen all new and moving customers for income level at the time their service is established and ask whether they would like information about income qualified programs that may reduce their rate.
- Screen existing customers for household income level on any non-emergency calls and inquire whether there have been any updates to household income information.
- Develop a process for routine income screening through Columbia's online account portal.⁵²⁹

Customers identified as income eligible through these processes should be referred to CAP and other universal service programs, as well as LIHEAP.⁵³⁰ While Columbia customers should be able to opt out of providing household income information, they should be informed that if they choose to disclose this information, they may be eligible for lower rates and/or free energy efficiency measures⁵³¹ Columbia should be required to develop and implement screening and referral recommendations within 90 days of the final order in this proceeding.⁵³²

Proactive CAP enrollment strategies, such as routine screening, also serve as a critical collection and cost containment tool that helps reduce the accrual of unmanageable debts, reduce uncollectible expenses and other collections costs, and reduce the cost of the CAP arrearage management program.⁵³³ As Columbia witness Ms. Davis correctly notes

⁵²⁹ CAUSE-PA St. 2 at 30-31.

⁵³⁰ *Id.* at 31.

⁵³¹ *Id.*

⁵³² *Id.*

⁵³³ *Id.*

in her rebuttal testimony regarding Columbia’s SAP Pilot, “arrears amassed prior to entry into CAP are paid by all non-CAP residential customers.”⁵³⁴ By accelerating CAP enrollment, “less arrears will be amassed that need forgiven.”⁵³⁵ CAUSE-PA strongly agrees that CAP is successful in improving payment behavior and reducing terminations, which “benefits all non-CAP residential customers that are paying for the CAP program.”⁵³⁶ These same facts and rationale are directly applicable to Mr. Geller’s routine screening recommendations, and his recommendations regarding and proactively enrolling LIHEAP customers into CAP, ensuring these households receive a lower rate. Maximizing CAP enrollment through these methods will help improve payment behavior, reduce terminations, and reduce uncollectible expenses passed on to other customers.⁵³⁷

Columbia asserts that additional screening is not necessary because most of the Company’s customers do not meet the low income criteria. However, this misses the point of screening: To identify a smaller, hard-to-reach group within a much larger group. CAUSE-PA submits that Columbia should be more concerned with identifying, referring, and ultimately enrolled in the appropriate Universal Service Programs.⁵³⁸ Screening should not add to call center time – nor does it necessarily require additional staff.⁵³⁹ As Mr. Geller explained:

⁵³⁴ CPA 16-R at 20.

⁵³⁵ *Id.*

⁵³⁶ *Id.*

⁵³⁷ CAUSE-PA St. 1-SR at 27.

⁵³⁸ *Id.* at 28.

⁵³⁹ CPA St. 16-R at 4-5.

In the context of these considerations, a brief inquiry asking whether the household has trouble affording their bill and making appropriate referrals to the EAT team for further screening would not likely add appreciable time to calls and should be required. If additional EAT team members are necessary to facilitate the screening for household size and income levels, then the Company should take those necessary steps to ensure that its low income customers are properly vetted for and enrolled in CAP.⁵⁴⁰

While there would be upfront costs involved in implementing increased call screening to revise call scripts and train call center staff, the Company will save money on CAP outreach in the long term.⁵⁴¹

4. Columbia's proposed Speech Analytics Pilot proposal is inadequate to address chronic under-enrollment, and additional safeguards are needed to avoid potential bias and protect customer data.

In an effort to address its low levels of CAP enrollment, Columbia has proposed a Speech Analytics Technology (SAT) tool, which it describes as using artificial intelligence (AI) and natural language processing to analyze customer conversations from live or recorded audio data that pinpoints keywords or themes in conversations.⁵⁴² Columbia first intends to utilize the SAT to screen recordings of calls related to payment arrangements to look for specified words, phrases, or themes, to identify customers that may not have been referred to CAP but may be eligible based on the conversation.⁵⁴³ Columbia plans to utilize the Company's USAC to recommend the specific words, phrases, or themes, to identify potentially eligible customers.⁵⁴⁴ Columbia then intends to screen recordings of a sample

⁵⁴⁰ CAUSE-PA St. 1-SR at 28-29.

⁵⁴¹ *Id.* at 29.

⁵⁴² CPA St. 16 at 8.

⁵⁴³ *Id.*

⁵⁴⁴ *Id.*

size of all call types with the intention to expand screening all calls.⁵⁴⁵ The estimated annual budget for this Pilot is \$300,000.⁵⁴⁶

Columbia has indicated that this SAP tool will be used in broad range of applications, far beyond identification of households that may be eligible for CAP – and that it plans to share the information collected through the AI tool with third-party contractors to support other potential uses.⁵⁴⁷ Given Columbia’s plans for broader application of the technology, CAUSE-PA questions whether this is truly a universal service pilot program.

Columbia’s proposed SAP Pilot is insufficient, on its own, to address the chronic under-enrollment of low income customers in its CAP. Unlike CAUSE-PA’s proposal to utilize available data and implement basic screening protocols to more directly address under-enrollment, the SAP adds cost and increases risk of bias and data disclosure – without clear or guaranteed outcomes that will benefit consumers. AI tools have the potential to infuse bias within the modeling, which could result in disproportionate outcomes based on factors such as race, ethnicity, gender, age, primary language, or education level.⁵⁴⁸ Ms. Davis clarified in her rebuttal testimony that the AI modeling will not include any demographic data.⁵⁴⁹ However, the language and phrases used in the model

⁵⁴⁵ CPA St. 16 at 8.

⁵⁴⁶ *Id.* at 9.

⁵⁴⁷ CAUSE-PA St. 1 at 32.

⁵⁴⁸ *Id.*

⁵⁴⁹ CPA St. 16-R at 5.

could still favor certain groups or populations over others and may lead to discriminatory outcomes, even if demographic data is not inputted.⁵⁵⁰

Columbia indicated it will utilize its USAC and the NiSource Data Science Team to help build the framework.⁵⁵¹ While the NiSource Data Science team has experience in Data Science and Natural Language Processing, they do not have specific training or experience working with populations living in poverty or identifying low income customers in need of assistance that would prevent the introduction of bias into the modeling.⁵⁵² The USAC could help assist in this regard; however, USAC members are not experts in this type of AI design. Columbia should, in consultation with the USAC, identify a consultant specifically trained in identifying potential bias in AI data modeling to help develop the Pilot.⁵⁵³

CAUSE-PA is also concerned with how this sensitive speech analytics data may be used to make decisions impacting individual consumers and how the data will be protected from disclosure to third parties that may misuse the data for other purposes. If approved to move forward, Columbia should be especially cautious with the data that it collects through the pilot and should ensure the information is kept within Columbia's closed system – and not used to train external or third party AI systems.⁵⁵⁴ The potential for misuse or disclosure of data collected through the SAP pilot is especially concerning in light of Columbia's

⁵⁵⁰ CAUSE-PA St. 1 at 32.

⁵⁵¹ CPA St. 16-R at 5.

⁵⁵² CAUSE-PA St. 1 at 32.

⁵⁵³ *Id.*

⁵⁵⁴ *Id.* at 32-33.

apparent intent to sell customer list data to third parties participating in Columbia’s planned “on-bill billing” program.⁵⁵⁵

Ms. Davis asserts that “no raw data collected through this pilot would be shared with third parties,” and that “any shared data would be scrubbed and limited to high-level data focusing on lessons learned and changes in policy or procedure.”⁵⁵⁶ However, there is nothing in statute or regulation that would explicitly prevent disclosure and, once disclosed, the harm associated with unauthorized data disclosure often cannot be undone. As a baseline level of accountability, Columbia should be required to memorialize its commitment in within its USECP and program documentation.⁵⁵⁷

CAUSE-PA notes its ongoing concern and caution regarding Columbia’s proposed SAP pilot and urges the Commission to impose the above recommended safeguards.

5. The Commission should approve Columbia’s proposed CAP Arrears Pilot, with amendments to better address identified need and to align with the timeline of its current USECP.

In this proceeding, Columbia proposed a two-year pilot program that provides a one-time grant of up to \$650 for payment of prior CAP arrears to facilitate re-entry into the CAP.⁵⁵⁸ Eligibility will be open to prior CAP participants are otherwise eligible to reenroll but cannot reenter the program because they have a CAP balance owed which needs to be paid before re-entry.⁵⁵⁹ The Company proposes that the Pilot would run for two-years with

⁵⁵⁵ See *infra* section XV. B.

⁵⁵⁶ CPA St. 16-R at 5.

⁵⁵⁷ CAUSE-PA St. 1 at 32.

⁵⁵⁸ CPA St. 16 at 3.

⁵⁵⁹ CAUSE-PA St. 1 at 33.

\$100,000 annual budget.⁵⁶⁰ Depending on individual grant amounts, Columbia estimates that the CAP Pilot will provide assistance to between 153 and 270 customers over a two year period.⁵⁶¹

Columbia has identified 4,022 confirmed low income customers who were removed from CAP and are ineligible to reenter the program because they owe CAP arrears.⁵⁶² 3,960 of those customers have CAP arrears of \$650 or less, and the average CAP arrears for these customers is \$370.⁵⁶³ Thus, Columbia's proposal to assist between 153 and 270 customers over the full two-year CAP Pilot would only assist approximately 4% to 7% of the estimated 3,960 eligible customers with arrears of \$650 or less.⁵⁶⁴ The eligible population is growing each year, as there is a growing number of households removed from CAP.⁵⁶⁵

CAUSE-PA is strongly supportive of this CAP Arrears Pilot, which will help to remove a punitive barrier to re-enrollment which serves to exacerbate energy insecurity for vulnerable CAP eligible households.⁵⁶⁶ However, the budget and timeframe provided by Columbia are not sufficient to address the identified need or to provide sufficient time to adequately evaluate the pilot.⁵⁶⁷ Columbia should set the budget to serve at least half of the identified eligible population (an estimated 1,980 customers) and should extend the Pilot

⁵⁶⁰ CPA St. 16 at 3.

⁵⁶¹ *Id.* at 3, 5; CAUSE-PA St. 1, Attach. B (CAUSE-PA 7-001, Attach. A).

⁵⁶² CAUSE-PA St. 1 at 34 (*citing* CPA St. 16 at 4).

⁵⁶³ *Id.* (*citing* CPA St. 16 at 4).

⁵⁶⁴ *Id.*

⁵⁶⁵ *Id.*

⁵⁶⁶ *Id.* at 35.

⁵⁶⁷ *Id.*

until its next Universal Service and Energy Conservation Plan is approved, rather than ending the program after two years.⁵⁶⁸

Columbia should not end its proposed CAP Arrears pilot after just two years as it would not provide adequate opportunity for evaluation.⁵⁶⁹ It would also create an irrational situation where the CAP Arrears Pilot faces closure for lack of budget before its success could be appropriately evaluated by the Commission and other stakeholders for inclusion in Columbia's next USECP.⁵⁷⁰ Further, initiating the pilot, closing it, and then reopening it again would cause unnecessary labor for Columbia staff and program administrators, along with confusion and frustration for low income families in need of assistance.⁵⁷¹ While Columbia's third party evaluation is due in 2029, programming should not end until the Commission and stakeholders have the opportunity to review the pilot and the results of its third party evaluation to determine whether to continue, amend, or end such the pilot.⁵⁷²

Removal from CAP can have a devastating effect on the ability of a household to afford to maintain gas service, especially for the customers eligible for this pilot, since these customers have accrued CAP arrears, which is evidence that they have trouble affording their gas bill even at their reduced CAP rates.⁵⁷³ As explained above, the stark contrast between CAP and non-CAP low income termination rates illustrates the vital need

⁵⁶⁸ CAUSE-PA St. 1 at 35.

⁵⁶⁹ CAUSE-PA St. 1-SR at 30.

⁵⁷⁰ *Id.* at 30.

⁵⁷¹ *Id.*

⁵⁷² *Id.*

⁵⁷³ *Id.* at 35.

and far-ranging benefits of ensuring that low income customers are able to access CAP without unreasonable barriers.⁵⁷⁴ The CAP Arrears Pilot will play a vital role in removing barriers to CAP enrollment and help prevent the further accrual of unmanageable arrears, which is particularly important in light of Columbia's proposal to dramatically increase rates.⁵⁷⁵ Thus, the Commission should require Columbia to extend the CAP Arrears Pilot until the filing of its next USECP with a budget of \$244,200 per year. This will help address the existing need for this vital program, especially in the face of the potential rate increase, which would only add to the unaffordability faced by Columbia's low income customers.

6. Columbia should routinely evaluate and adjust CAP rates on a monthly basis to ensure participants are charged the most advantageous rate.

As of as of March 2025, 21,010 CAP accounts (33%) had their CAP payment calculated based a percentage of their budget bill and will be impacted by any approved rate increase.⁵⁷⁶ Depending on their income level and the amount of rate increase, some of these customers will need to be moved from the percentage of budget bill (PBB) CAP rate to the percentage of income (PIP) CAP rate to receive the most beneficial rate.⁵⁷⁷ These customers will be charged higher CAP rates in the months prior to their next quarterly review.⁵⁷⁸ To help ensure that Columbia's CAP participants are charged the most advantageous available rate, Mr. Geller recommended that the Commission require

⁵⁷⁴ CAUSE-PA St. 1 at 35.

⁵⁷⁵ *Id.* at 35-36.

⁵⁷⁶ *Id.* at 38.

⁵⁷⁷ *Id.*

⁵⁷⁸ *Id.*

Columbia to reevaluate a CAP participant’s bill monthly and adjust their bills to the most affordable billing option.⁵⁷⁹

In her rebuttal testimony, Ms. Davis asserted that “Columbia’s CAP account review process is automated and accounts are already reviewed monthly to determine the lowest monthly payment option for each account.”⁵⁸⁰ As such, she argued that Columbia’s process already aligns with Mr. Geller’s recommendation, and no changes are needed related to this recommendation.⁵⁸¹ However, Columbia’s USECP still currently indicates that Columbia only evaluates customers’ CAP rates on a quarterly basis.⁵⁸² If indeed Columbia is now conducting a monthly review of its CAP accounts and moving customers to the most beneficial payment type, Columbia should be required to update its USECP language to reflect this change. If not, then Columbia should be required to begin monthly review and adjustments to CAP bills to help blunt the financial impact of any approved rate increase and ensure low income CAP participants are receiving the most advantageous rate.

B. LIURP

1. To help offset the impact of the rate increase on high usage low income households, Columbia should be required to increase its budget for LIURP by a percentage equal to any approved increase in residential rates.

Columbia’s proposal to increase residential rates will increase the demand for comprehensive weatherization, conservation, and efficiency services through LIURP to

⁵⁷⁹ CAUSE-PA St. 1 at 38; 66 Pa. C.S. § 1303.

⁵⁸⁰ CPA St. 16-R at 8.

⁵⁸¹ *Id.* at 8.

⁵⁸² CAUSE-PA St. 1 at 23, 35 (*citing* CPA 2024-2028 USECP at 9, 29).

help offset rising energy costs and improve overall bill affordability.⁵⁸³ Columbia's LIURP funding must be increased to ensure the program is able to meet the increased need for comprehensive services.⁵⁸⁴

Columbia's LIURP is a critical universal service program designed to work in tandem with CAP to help reduce high usage attributable to home energy inefficiencies that low income households cannot afford to address on their own.⁵⁸⁵ LIURP achieves this purpose by conserving energy, reducing bills, improving payments, decreasing collections costs, reducing peak demand, and improving home health, safety, and comfort.⁵⁸⁶

LIURP has effectively helped reduce consumption for customers who have been able to access the program, with savings averaging between 20%-24%.⁵⁸⁷ These savings are significant and can help to substantially reduce the impact of any approved increase in Columbia's volumetric rates.⁵⁸⁸

There is a significant unmet need for LIURP services among Columbia's low income customers, which will only grow more pronounced if rates are increased in this

⁵⁸³ CAUSE-PA St. 1 at 41.

⁵⁸⁴ 66 Pa. C.S. § 2203(8).

⁵⁸⁵ 52 Pa. Code § 58.1; CAUSE-PA St. 1 at 38.

⁵⁸⁶ 66 Pa. C.S. § 2203 (“‘Universal service and energy conservation.’ Policies, protections and services that help low-income customers maintain electric service. The term includes ...policies and services that help low-income customers to reduce or manage energy consumption in a cost-effective manner, such as the low-income usage reduction programs.”); 52 Pa. Code § 58.1.

⁵⁸⁷ CAUSE-PA St. 1 at 39.

⁵⁸⁸ *Id.*

proceeding.⁵⁸⁹ Columbia acknowledges that its low income customers have higher usage levels than other residential customers and often lack control over their usage.⁵⁹⁰ Any rate increase will disproportionately increase energy burdens for low income, high usage households, yet the number of households served through LIURP is declining due to increasing costs for operating the program.⁵⁹¹

According to Columbia’s LIURP Needs Assessment, 24,933 customers meet the LIURP eligibility criteria.⁵⁹² Yet, the program only serves a small, and shrinking, number of households each year. The following table shows that the number of households served through Columbia’s LIURP shrank each year from 2022-2024:

Table 10: LIURP Jobs Completed (2022-2024)⁵⁹³

	Completed LIURP Jobs
2022	440
2023	372
2024	319

According to estimates provided by Columbia in response to discovery, at its current rate, it would take Columbia’s LIURP more than 65 years to weatherize all the homes identified in the needs assessment.⁵⁹⁴ This declining trend in LIURP assistance underscores the need to improve Columbia’s LIURP funding and its delivery to better address the need for usage reduction services.⁵⁹⁵ Columbia must do better at increasing the number of

⁵⁸⁹ CAUSE-PA St. 1 at 39.

⁵⁹⁰ CPA St. 17 at 10, 13.

⁵⁹¹ CAUSE-PA St. 1 at 40.

⁵⁹² *Id.*

⁵⁹³ *Id.* at 40, T. 7.

⁵⁹⁴ *Id.* at 40.

⁵⁹⁵ *Id.*

LIURP jobs that it performs each year to address the gaping unmet need for services in its territory.⁵⁹⁶

Columbia should be required to increase its budget for LIURP by a percentage equal to any approved increase in residential rates as a result of this proceeding.⁵⁹⁷ While this increase will not resolve the clear unmet need for this important program, it will help prevent the program from falling further behind in addressing identified need in the face of the proposed rate increase.⁵⁹⁸

In testimony, I&E witness Bedasa argued that LIURP funding issues are not appropriate for consideration in a rate case. This erroneous conclusion relies on outdated precedent and fails to realize that both the Commission’s Final Form LIURP rulemaking and recent rate case decisions have explicitly stated that LIURP budgets – as well as other critical universal service issues – are appropriate for consideration in a rate proceeding.⁵⁹⁹ Specifically, the Commission concluded in its recent Final-Form Rulemaking Order:

We recognize that while it is appropriate to determine the effectiveness and prudence of universal service costs in a USECP proceeding, we also recognize that it is necessary to evaluate the appropriateness of a LIURP funding requirement in non-USECP proceedings such as rate cases. The recoverable costs of a public utility’s universal service programs are borne by its residential ratepayers. **We acknowledge that rate case**

⁵⁹⁶ CAUSE-PA St. 1 at 40.

⁵⁹⁷ *Id.* at 41.

⁵⁹⁸ *Id.*

⁵⁹⁹ CAUSE-PA St. 1-SR at 16; *see Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1—58.18*, Final Form Rulemaking Order, Docket No. L-2016-2557886, at 50, 123 (order entered March 13, 2025); *see also Pa. PUC v. PGW*, Docket No. R-2023-3037933 at 215-216 (order entered Nov. 9, 2023).

proceedings, for example, allow parties to, inter alia, consider the justness and reasonableness of the cost of a public utility’s universal service programs including its LIURP. Accordingly, we have revised § 58.4(a.1) and (c) to clarify that a LIURP budget may be modified subject to approval in a Commission proceeding.⁶⁰⁰

As discussed at greater length in section I.B.2, Legal Standards, universal service and energy conservation issues – including the adequacy of LIURP funding – are a critical issues for examination in a rate proceeding and are essential to determining the justness and reasonableness of a utility’s rates.⁶⁰¹ As the Commission has previously concluded, “tabling consideration” of universal service issues until a later date “would result in denying low-income customer relief for an extended period. In our view, such a result is unreasonable and thwarts the purpose of universal service, which is to help low-income customers maintain their natural gas service.”⁶⁰²

Notably, the LIURP budget established through Columbia’s last USECP proceeding *did not account for the substantial increase in rates proposed by Columbia in this case.*⁶⁰³ Increasing rates for Columbia’s gas service will cause more households to need and seek comprehensive efficiency services through the program when they are unable to keep up with rising costs.⁶⁰⁴

⁶⁰⁰ *Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1–58.18, Final Form Rulemaking Order, Docket No. L-2016-2557886, at 123 (order entered March 13, 2025).*

⁶⁰¹ *Pa. PUC v. PGW*, Opinion and Order, Docket No. R-2023-3037933, at 216 (order entered Nov. 9, 2023).

⁶⁰² *Id.*

⁶⁰³ CAUSE-PA St. 1-SR at 16.

⁶⁰⁴ *Id.*

CAUSE-PA also disagrees with Columbia witness Davis regarding her assertion that the LIURP budget should not be increased because Columbia’s LIURP partners have other commitments and are behind on production.⁶⁰⁵ Columbia is responsible for administering universal service programs that are adequately funded and available to serve identified need. Ms. Davis’s assertion that “other funding sources are expected to take precedence over Columbia [LIURP] work” is problematic.⁶⁰⁶ Columbia should not assume – and certainly should not accept – that its LIURP will take a back seat to other programs administered by its contractors.⁶⁰⁷ Further, the fact that the Weatherization Provider Task Force (WPTF) is also recommending an increase in LIURP funding in this case belies Columbia’s assertions that weatherization contractors are not interested or able to take on additional work.⁶⁰⁸ If Columbia has concerns about the ability of its current contractors to deliver services, it should make needed adjustments to its contractor network and program administration rules.⁶⁰⁹ The Commission’s recent Final LIURP rulemaking permits utilities to spend up to 1% of its LIURP budget to support contractor training, which may help Columbia address workforce challenges for Columbia’s current LIURP contractors.⁶¹⁰

⁶⁰⁵ CPA St. 16-R at 10.

⁶⁰⁶ *Id.*

⁶⁰⁷ CAUSE-PA St. 1-SR at 19-20.

⁶⁰⁸ *Id.* at 20

⁶⁰⁹ *Id.*

⁶¹⁰ *Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 125 Pa. Code §§ 58.1—58.18*, Final Form Rulemaking Order, Docket No. L-2016-2557886, at 253, Annex A § 58.14c (order entered March 13, 2025).

Thus, it is necessary and appropriate for the Commission to order Columbia to increase its LIURP budget in line with Mr. Geller's recommendations to help address the unmet need for services and help mitigate the impact of any rate increase.

C. Health and Safety Pilot

1. Columbia should be required to establish an independent budget for the Health and Safety Pilot program and rollover unspent funds.

While increasing rates will drive the need for additional comprehensive weatherization through LIURP, many eligible households could be prevented from accessing LIURP due to health and safety issues in the home such as structural problems, roof repair, knob and tube wiring, mold, pests, and other related repair needs.⁶¹¹ If unaddressed, this deepens the divide in relative energy burden for those with the highest usage and greatest corresponding need for usage reduction and weatherization.

Columbia's Health and Safety Pilot is designed to decrease the number of LIURP deferrals due to these health and safety conditions in the home.⁶¹² Health and safety deferrals are expensive, causing the Company to walk away from a job after investing time and resources to qualify the household for LIURP and conduct initial energy audits in the home.⁶¹³ LIURP deferrals are also more likely to impact households with the greatest need

⁶¹¹ CAUSE-PA St. 1 at 41.

⁶¹² *Id.*

⁶¹³ *Id.* at 42.

for usage reduction services as a result of the condition of their home, driving greater disparities in energy burden for those most in need.⁶¹⁴

Recognizing the “associated costs with deferrals, as well as the need to reduce deferrals while increasing the number of homes weatherized,” Columbia conducted a third-party study of the issue and subsequently launched a LIURP Health and Safety Pilot in July 2020.⁶¹⁵ Initial funding for Columbia’s Health and Safety Pilot was set at \$200,000 annually and was increased to \$400,000 in 2022 as part of a negotiated settlement in Columbia’s 2021 Rate Case.⁶¹⁶ In April 2024, the Commission approved continuation of the Health and Safety Pilot in the context of Columbia’s 2024-2028 USECP and retained the annual budget at \$400,000.⁶¹⁷

The pilot program has been effective at driving meaningful energy and bill savings for participants that would not have otherwise received LIURP treatment.⁶¹⁸ The Pilot has allowed homes that were previously deferred due to roof leaks, knob and tube wiring and other acute health and safety obstacles to be weatherized through LIURP and has resulted in some of the highest energy savings achieved through Columbia’s LIURP.⁶¹⁹ Homes completed with Health and Safety Pilot funds in 2022 achieved energy reductions ranging

⁶¹⁴ CAUSE-PA St. 1 at 42.

⁶¹⁵ *Id.* at Appendix D (APPRISE Health and Safety Study).

⁶¹⁶ *Id.* at 42.

⁶¹⁷ *Id.*

⁶¹⁸ *Id.* at 43.

⁶¹⁹ CPA St. 9 at 11.

from 12.44% to 76.42%.⁶²⁰ These are substantial energy savings and provide a multitude of co-benefits – helping improve home health and safety, increase administrative efficiencies, and reduce universal service program costs.

However, despite the effectiveness of the pilot, implementation has been slow and very few deferred households have been served by the program.⁶²¹

Table 11: Health and Safety Pilot Participation, Expenditures, and Available Budget⁶²²

	2022	2023	2024
# Completions	18	33	65
Total Cost	\$93,000.00	\$125,603.34	\$179,153.00
Authorized Budget	\$400,000.00	\$400,000.00	\$400,000.00
Unspent Funds	\$307,000.00	\$274,396.66	\$220,847.00

Since 2022, Columbia has underspent its available Health and Safety Pilot budget by \$802,243.66, thus a significant majority (67%) of the budget went unspent. During that time, Columbia deferred 68 homes with identified health issues, knob and tube wiring, roof leaks, or moisture in the basement, and an additional 19 homes that required additional unspecified incidental repairs.⁶²³ Columbia’s slow implementation of this program has resulted in the loss of hundreds of thousands of dollars approved by the Commission to

⁶²⁰ CPA St. 9 at 11.

⁶²¹ CAUSE-PA St. 1 at 44.

⁶²² *Id.* at 44, T. 8.

⁶²³ *Id.* at 41.

support this critical pilot program and resulted in missed opportunities to provide needed energy savings to households with the greatest need.⁶²⁴

Columbia's Health and Safety Pilot budget is currently embedded in the LIURP budget and available funds for its Health and Safety Pilot do not roll over from year to year.⁶²⁵ To ensure these funds are spent in the manner intended to help those with the highest usage and greatest need, the Commission should require Columbia to maintain an independent budget for its Health and Safety Pilot, separate from and *in addition to* its standard LIURP budget, and to roll forward unspent Health and Safety Pilot funds and add them to the budget for the following year.⁶²⁶ These steps should help to improve the availability of services to address critical health and safety issues that prevent the delivery of weatherization services for Columbia's highest usage households.⁶²⁷

Ms. Davis asserts that Columbia seeks to minimize health and safety expenditures so that funds can be directed toward the core purpose of LIURP and separating the funding could result in unnecessarily spending more money on health and safety measures on each job.⁶²⁸ However, Columbia acknowledges that homes served through the health and safety pilot has resulted in some of the highest energy savings achieved through Columbia's LIURP.⁶²⁹ Thus health and safety expenditure help further the ability of LIURP to achieve

⁶²⁴ CAUSE-PA St. 1 at 44.

⁶²⁵ *Id.*

⁶²⁶ *Id.* at 44-45.

⁶²⁷ *Id.* at 45.

⁶²⁸ CPA St. 16-R at 12.

⁶²⁹ CAUSE-PA St. 1 at 43 (referencing CPA St. 9 at 11).

its core purpose of reducing energy usage and achieving bill savings for low income households.

Columbia agreed in its previous rate case settlement to allot this money to address critical health and safety issues that exacerbate energy insecurity for the most vulnerable households in Columbia's service territory.⁶³⁰ Yet its persistent failure to spend the allotted budget for its intended purpose undermines this settlement requirement and the goals embedded therein.⁶³¹

For these reasons, CAUSE-PA submits that Columbia should be required to establish an independent health and safety budget that rolls over and is added to the budget for the following year. In turn, to help prevent accrual of a substantial spending backlog, unspent funds exceed 10% of the available budget in a given year, Columbia should be required to explain the reason for the underspending and identify steps it will take to improve spending in the following program year.⁶³²

D. Hardship Fund

In her testimony, Pennsylvania Weatherization Providers Task Force (WPTF) witness Jennifer Warabak proposed that Columbia be required to increase funding for its Hardship Fund program, which provides emergency grant assistance to low and moderate households experiencing a temporary hardship.⁶³³ CAUSE-PA supports this proposal, as

⁶³⁰ CAUSE-PA St. 1-SR at 22.

⁶³¹ *Id.* at 22.

⁶³² *Id.* at 45.

⁶³³ WPTF St. 1 at 7.

increased funding will be critical to help address the increased need for assistance as a result of any approved rate increase in this case.

E. Universal Service Call Scripting Issues

The call scripts that Columbia's customer service representatives use when referring customers to apply for Universal Service Programs contain inconsistent information regarding the identification documentation requirements for Columbia's Hardship Fund.⁶³⁴ The scripts reflected a requirement that customers are required to produce social security numbers to apply for the hardship fund, whereas Columbia's USECP provides alternatives for customers to verify their identity.⁶³⁵

Mr. Geller recommended that Columbia initiate a collaborative with the parties to this proceeding to review the relevant call scripting within 90 days of a final order in this proceeding.⁶³⁶ To facilitate a productive collaborative, Columbia should provide copies of the call scripts to the parties to review at least 14 days prior to the meeting to allow time for review.⁶³⁷

In her rebuttal testimony, Ms. Davis indicated that the Company has corrected the referenced call script and had provided a confidential supplemental discovery response reflecting the correction.⁶³⁸ However, she disagreed with Mr. Geller's recommendation that

⁶³⁴ CAUSE-PA St. 1 at 62.

⁶³⁵ *Id.*

⁶³⁶ *Id.* at 63.

⁶³⁷ *Id.*

⁶³⁸ CPA St. 16-R at 16.

a collaborative is necessary, instead offering that Columbia would perform an internal review and share the results with the USAC.⁶³⁹

While CAUSE-PA appreciates that the correction has been made but stands by Mr. Geller's recommendation.⁶⁴⁰ It is important that Columbia's call scripts regarding communications with low income customers in need of assistance accurately reflect the rules of the programs. While the call scripts are large living documents that are frequently revised, many of those revisions are a result of Commission orders and settlement agreements in Columbia's many frequent rate cases and other proceedings.⁶⁴¹ The parties to those agreements should have an opportunity to review Columbia's call scripting to ensure that the information being provided to customers seeking assistance accurately reflects the settlement terms and orders.⁶⁴²

F. Audits and Rebates Program (A&R)

1. The Commission should order Columbia to rollover its unspent A&R budget and cover the full cost of measures for participants at or below 150% FPL.

Columbia's Audits and Rebates (A&R) Program is available to customers with income levels up to 250% FPL who are ineligible for the Company's LIURP.⁶⁴³ The program provides an energy audit and up to \$3,600 in instant rebates using a participating

⁶³⁹ CPA St. 16-R at 16-17.

⁶⁴⁰ CAUSE-PA St. 1-SR at 33.

⁶⁴¹ *Id.*

⁶⁴² *Id.*

⁶⁴³ CAUSE-PA St. 1 at 52.

contractor for furnace replacement, air sealing, and insulation.⁶⁴⁴ Customers can have work done beyond the initial rebate level, but they are responsible for the full cost of additional measures.⁶⁴⁵ Columbia does not track the amount that the customer pays above what is covered by the rebates.⁶⁴⁶ The annual budget for the program is \$1,000,000 recovered through Columbia’s Rider USP, however, the program is not included in Columbia’s USECP.⁶⁴⁷

The following table shows Columbia’s A&R budget and spending for 2022-2024:

Table 12: Columbia’s A&R budget and spending for 2022-2024⁶⁴⁸

Year	Total A&R Program Budget	Total Spend on Service Delivery	Total Admin Spend	Total Spending	Unspent Funds
2022	\$750,000	\$387,709	\$120,344	\$508,053	\$241,947
2023	\$1,000,000	\$800,956	\$121,576	\$922,532	\$77,468
2024	\$1,000,000	\$702,411	\$147,848	\$850,259	\$149,741

Columbia’s A&R budget expires at the end of each program year.⁶⁴⁹ Over the past three years, this practice has left \$469,156 unspent that should have been used to provide as many as 130 additional households with vital energy efficiency assistance.⁶⁵⁰ As discussed below regarding Columbia’s EE&C program, this underspending undermines

⁶⁴⁴ CAUSE-PA St. 1 at 52.

⁶⁴⁵ *Id.*

⁶⁴⁶ *Id.*

⁶⁴⁷ *Id.*

⁶⁴⁸ *Id.* at 53, T. 9.

⁶⁴⁹ *Id.* at 53.

⁶⁵⁰ *Id.*

Columbia's previous rate cases settlement requiring Columbia to dedicate additional funds to support A&R to offset the lack of low income programs in its Phase I EE&C.⁶⁵¹ Columbia should be required to rollover its unspent A&R budget and add those unspent funds to the budget for the following year.⁶⁵²

Furthermore, as discussed in more detail below regarding Columbia's proposed Phase II EE&C Plan,⁶⁵³ the A&R program was expanded in a previous rate case settlement to address Columbia's failure to include dedicated and proportional low income programming within its Phase I EE&C. However, Columbia has not proposed to expand this program further considering expansion in other programming for Phase II EE&C. In fact, Columbia has undermined the Phase I settlement by allowing hundreds of thousands of dollars allocated to the A&R program to go unspent year after year.⁶⁵⁴ If Columbia's Phase II EE&C is approved, the budget for A&R program should be proportionately expanded to ensure the equitable availability of low income efficiency programming.

G. Emergency Furnace Repair Program (ERP)

1. Columbia should be required to roll over its unspent ERP budget.

Columbia's ERP provides emergency repairs or replacement of faulty heating equipment, hot water tanks and/or gas lines for eligible property owners who are without heat due to a gas line leak, water tank issue or inoperable heating system.⁶⁵⁵ To qualify, an

⁶⁵¹ CAUSE-PA St. 1 at 54.

⁶⁵² *Id.* at 53.

⁶⁵³ *See infra* section XIII.

⁶⁵⁴ CAUSE-PA St. 1 at 53.

⁶⁵⁵ *Id.* at 55.

applicant must be the property owner and have income at or below 150% FPL.⁶⁵⁶ The current budget for the program is \$1 million per year.⁶⁵⁷

The following table shows the budget and spending for the ERP program from 2022 through 2024:

Table 13: ERP Budget and Spending 2022 - 2024⁶⁵⁸

Year	Total ERP Budget	Homes Served	Total Spend on Service Delivery	Total Spend on Program Admin.	Total Spending	Average Cost / Home	Unspent Funds
2022	\$700,000	249	\$636,789	\$63,480	\$700,269	\$2,812	(\$269)
2023	\$1,000,000	295	\$878,790	\$114,243	\$993,033	\$3,366	\$6,967
2024	\$1,000,000	282	\$881,532	\$92,733	\$974,265	\$3,454	\$25,735

Like Columbia’s A&R budget discussed above, the ERP budget expires at the end of each program year.⁶⁵⁹ This practice risks leaving unspent funds that were designated to provide vital, potentially lifesaving, services by helping vulnerable customers regain their heating and hot water in emergency situations.⁶⁶⁰ Compared to the A&R program, Columbia’s ERP underspending has not been as pronounced; however, the \$32,433 unspent since 2022 is significant.⁶⁶¹ At Columbia’s average job cost of under \$3,500 per job, these unspent funds could have been used to provide emergency furnace assistance to at least 9 additional households.⁶⁶²

⁶⁵⁶ CAUSE-PA St. 1 at 55.

⁶⁵⁷ *Id.*

⁶⁵⁸ *Id.* at 55, T. 10.

⁶⁵⁹ *Id.* at 55.

⁶⁶⁰ *Id.* at 55-56.

⁶⁶¹ *Id.*

⁶⁶² *Id.*

The ability to carry-over unspent funds would provide Columbia with greater flexibility year over year when costs are not directly on target and would help prevent the steady erosion of funding to support this critical need.⁶⁶³ Going forward, Columbia should be required to rollover its unspent ERP budget and add those unspent funds to the budget for the following year.⁶⁶⁴

Finally, as discussed below regarding Columbia's proposed Phase II EE&C Plan, the ERP budget (along with the A&R budget) was expanded in a previous rate case settlement to address Columbia's lack of low income programming within its Phase I EE&C. However, Columbia has not proposed to expand this program further considering expansion in other programming for Phase II EE&C. If Columbia's Phase II EE&C is approved, the budget for ERP should be proportionately expanded.

XIII. ENERGY EFFICIENCY AND CONSERVATION (EE&C) PLAN

A. The Commission should reject Columbia's proposed Phase II EE&C Plan because it fails to include dedicated and proportionate low income programming.

Through its rate filing, Columbia proposes extending its self-initiated EE&C Pilot into a Phase II, three-year EE&C Plan.⁶⁶⁵ The Phase I Pilot was approved in Columbia's 2022 Rate Case to run for three years, from 2023 to 2025, with a total budget of \$4 million (\$1.67 million per year).⁶⁶⁶ Columbia's proposed Phase II EE&C Plan would extend the program to run from 2026 through 2028 and would nearly double the current budget for

⁶⁶³ CAUSE-PA St. 1 at 56.

⁶⁶⁴ *Id.*

⁶⁶⁵ CPA St. 13 at 2.

⁶⁶⁶ *Id.*

the program to \$7.9 million over those three years (approximately \$2.63 million per year).⁶⁶⁷

Columbia did not include any dedicated low income programming as part of its Phase I EE&C Plan – nor has it proposed to include any dedicated low income programming as part of its Phase II EE&C Plan.⁶⁶⁸ Columbia’s A&R and ERP budgets were each expanded in the previous rate case settlement to address Columbia’s lack of low income programming within its Phase I EE&C.⁶⁶⁹ However, Columbia has not proposed to expand these programs to ensure equitable and proportionate services for low income households through the Phase II EE&C.⁶⁷⁰ There is also no evidence that low income customers are deriving a proportionate benefit from participation in Columbia’s general residential EE&C programs.⁶⁷¹

The Phase I Plan has two components, a Residential Prescriptive (RP) program and an Online Audits and Kits (OAK) program.⁶⁷² The RP program provides rebates for energy efficient space and water heating equipment and building shell upgrades, such as insulation and air sealing.⁶⁷³ The OAK provides customers with an online energy audit and a free space heating or water heating kit at no cost.⁶⁷⁴

⁶⁶⁷ CPA St. 13 at 8.

⁶⁶⁸ CAUSE-PA St. 1 at 49.

⁶⁶⁹ CAUSE-PA St. 1 at 50-51, 54, 56 (*citing* the Joint Pet. for Settlement in Columbia’s 2022 rate case, Docket No. R-2022-3031211).

⁶⁷⁰ CAUSE-PA St. 1 at 50-51, 54, 56.

⁶⁷¹ CAUSE-PA St. 1-SR at 6.

⁶⁷² CAUSE-PA St. 1 at 45.

⁶⁷³ *Id.*

⁶⁷⁴ *Id.*

In the Phase II Plan, Columbia is proposing to expand the measure offerings in the RP program to include rebates for boiler reset controls, fireplace inserts, and single packaged vertical units.⁶⁷⁵ Columbia is also proposing to add a Small Commercial (“SC”) program that will provide gas equipment rebates to small commercial customers.⁶⁷⁶

There is currently no explicit statutory or regulatory authorization for ratepayer funded NGDC EE&C plans in Pennsylvania.⁶⁷⁷ However, the Act 129 requirements for Pennsylvania EDCs provide a critical public policy touchstone for evaluating the justness and reasonableness of the design and implementation for any ratepayer supported efficiency programming.⁶⁷⁸ Notably, in multiple instances, Columbia cites to Act 129 to support its EE&C Plan including its proposed program budget and the cost effectiveness of its plan in accordance with the Total Resource Cost (TRC) test.⁶⁷⁹

Regarding the treatment of low-income households, Act 129 requires that EDCs offer dedicated, proportional low income programming *in addition* to that offered under their respective LIURPs.⁶⁸⁰ Act 129 provides that EDC EE&C Plans “shall include specific

⁶⁷⁵ CAUSE-PA St. 1 at 46.

⁶⁷⁶ *Id.*

⁶⁷⁷ I&E St. 2 at 92-94.

⁶⁷⁸ CAUSE-PA St. 1-SR at 6.

⁶⁷⁹ CPA St. 13, Ex. JAN-2 at 4-5, 9-10; CPA St. 13-R at 6-7.

⁶⁸⁰ *See* 66 Pa. C.S. § 2806.1(b)(1)(i)(G) (“The plan shall include specific energy efficiency measures for households at or below 150% of the Federal poverty income guidelines. The number of measures shall be proportionate to the households’ share of the total energy usage in the service territory. The electric distribution company shall coordinate measures under this clause with other programs administered by the commission or another Federal or State agency. The expenditures of an electric distribution company under this clause shall be in addition to expenditures made under 52 Pa. Code Ch. 58 (relating to residential low income usage reduction programs).”).

energy efficiency measures for households at or below 150% of the Federal poverty income guidelines.”⁶⁸¹ The Act further provides: “The number of measures shall be proportionate to those households’ share of the total energy usage in the service territory.”⁶⁸² In assessing the cost effectiveness of each Act 129 EE&C Plan, the Commission applies the TRC test at the portfolio level, including dedicated low income programs and their effect on avoided costs from reduced customer arrearages, shutoffs, and collections.⁶⁸³

In all phases of Act 129, the Commission has required each EE&C Plan to include specific measures for households at or below 150% FPL, in proportion to the low income sector’s share of energy usage.⁶⁸⁴ The Commission also requires that the EDCs obtain minimum percentages of consumption reductions from the low-income sector and has explicitly specified that “savings may only come from specific low-income programs or low-income verified participants in multifamily housing programs.”⁶⁸⁵ For reference, the Commission recently set the Phase V low-income targets representing 7.1% of the statewide MWh target based on an allocation of 13% of each EDC’s total Act 129 budget

⁶⁸¹ 66 Pa. C.S. § 2806.1(b)(1)(i)(G) (emphasis added).

⁶⁸² *Id.*

⁶⁸³ See *2026 Total Resource Cost (TRC) Test*, Final Order, Docket No. M-2024-3048998, at 52 (order entered Nov. 7, 2024).

⁶⁸⁴ See *Act 129 Phase V Energy Efficiency and Conservation Program*, Final Implementation Order, Docket No. M-2025-3052826, at 53-54 (order entered June 18, 2025).

For Phase V, as in all prior phases of Act 129, the Commission proposed that each EDC EE&C plan include specific energy efficiency measures for households at or below 150% of the FPIG, in proportion to that sector’s share of the total energy usage in the EDC’s service territory.

⁶⁸⁵ *Id.* at 55.

to “programs solely directed at low-income customers or low-income-verified participants in multifamily housing programs.”⁶⁸⁶ By EDC, the low-income targets range from 6.3% of the portfolio target to 7.5%.⁶⁸⁷ The Commission explicitly states that these, “Savings from non-low-income programs, such as general residential programs, would not be counted toward these targets.”⁶⁸⁸

All Pennsylvania EDCs offer dedicated low income programming, in line with the Commission’s current Phase IV requirements.⁶⁸⁹ Likewise, other gas EE&C plans in Pennsylvania, such as those offered by Philadelphia Gas Works’ (PGW) and UGI Utilities, Inc. – Gas Division’s (UGI) provide specific low income measures as part of their plans.⁶⁹⁰ Mr. Nunley points to UGI and PGW’s programs as support for why Columbia should be allowed to continue its EE&C Plan, however he fails to consider that UGI and PGW offer dedicated low income measures through their EE&C plans, while Columbia does not.⁶⁹¹

It is unjust and unreasonable to use low income ratepayer funds to pay for an EE&C program that does not include dedicated and proportionate level of energy efficiency

⁶⁸⁶ *Act 129 Phase V Energy Efficiency and Conservation Program, Final Implementation Order, M-2025-3052826, at 55 (order entered June 18, 2025).*

⁶⁸⁷ *Id.*

⁶⁸⁸ *Id.*

⁶⁸⁹ CAUSE-PA St. 1 at 49.

FirstEnergy Pennsylvania (FE PA) has the most significant amount of overlapping territory with Columbia. FE PA’s low income Act 129 offerings include enhanced equipment incentives, expanded weatherization services, EE kits, a behavioral program, school education program, and direct installation targeting low income tenants in multifamily buildings.

⁶⁹⁰ CAUSE-PA St. 1 at 49.

⁶⁹¹ CPA St. 13-R at 3.

programming directed at low income customers and specifically designed to produce meaningful energy and bill savings.⁶⁹² Columbia is a very large NGDC with over 400,000 residential customers, 91,881 of which are estimated to have income at or below 150% FPL.⁶⁹³ Columbia's self-initiated and ratepayer supported EE&C Plan should be held to the same basic standards as the statutorily authorized EE&C programs run by other large Pennsylvania utilities, including Commission-established policies and best practices to provide just and equitable treatment to its low income customers.⁶⁹⁴ All EE&C programs should be required to squarely address the needs of low income households by providing direct and proportional programming for low income consumers.⁶⁹⁵ If Columbia is unable or unwilling to operate its EE&C Plan according to these standards and best practices, the plan should be rejected.⁶⁹⁶

While some low income customers participated in Phase I, they did not participate on a proportionate scale.⁶⁹⁷ In Phase I, 180 customers that participated in the RP program were identified as confirmed low income (CLI) customers, representing approximately 5% of the 3,888 RP participants reported by Columbia for Phase I and Columbia does not track the income status of OAK participants.⁶⁹⁸ This level of participation is far from

⁶⁹² CAUSE-PA St. 1 at 51.

⁶⁹³ CAUSE-PA St. 1-SR at 7.

⁶⁹⁴ *Id.* at 7.

⁶⁹⁵ *Id.*

⁶⁹⁶ *Id.*

⁶⁹⁷ CAUSE-PA St. 1 at 47.

⁶⁹⁸ *Id.*

proportionate considering CLI customers represent 17% of Columbia’s residential customers.⁶⁹⁹

As evidence that low income customers received a benefit from Columbia’s Phase I EE&C, Mr. Nunley argues that, “550 customers were *referred* from Columbia’s Phase I EE Plan to Columbia’s various dedicated low-income programs when they indicated income levels at or below 250% FPIG.”⁷⁰⁰ However, he admits that the 550 households referred from the Phase I EE&C program to other low income programs may have only “*attempted to participate in*” Columbia’s Phase I EE&C program.⁷⁰¹ Further, there is no evidence that any of these 550 households successfully participated in other low income programs following this referral.⁷⁰² Moreover, these customers include households with self-certified income up to 250% FPL, which is much higher than the Commission’s 150% FPL threshold for universal service and low income Act 129 EE&C programs.⁷⁰³ Therefore, Mr. Nunley’s assertion that these customers received a benefit is without merit.

While low-income non-CAP customers are eligible to participate in the RP Program, CAP customers are excluded from participation.⁷⁰⁴ Any CAP customer who contacts Columbia for assistance in applying to the RP program is referred to Columbia’s low income weatherization programs.⁷⁰⁵ CAP customers are excluded from payment of

⁶⁹⁹ CAUSE-PA St. 1 at 47.

⁷⁰⁰ *Id.* at 14 (emphasis added).

⁷⁰¹ CPA St. 13-R at 14.

⁷⁰² CAUSE-PA St. 1-SR at 6.

⁷⁰³ *Id.*

⁷⁰⁴ CAUSE-PA St. 1 at 46-47.

⁷⁰⁵ *Id.* at 46.

Columbia's Rider EE which is used to recover the cost of the program.⁷⁰⁶ However, between 70-77% of Columbia's estimated low income customers are enrolled in CAP and are required to pay for Columbia's EE&C programs through its Rider EE.⁷⁰⁷ These households already face disproportionately high energy burdens and often struggle profoundly to afford and maintain energy service to their home, often foregoing food, medicine, and other basic needs just to afford energy bills.⁷⁰⁸ These disparities in energy burden for low income families are exacerbated by deferred maintenance and other home inefficiencies.⁷⁰⁹

It is fundamentally unreasonable to require low income households to pay for programs that don't provide specific, proportionate low income measures.⁷¹⁰ CAUSE-PA respectfully urges the Commission to reject Columbia's proposed Phase II Plan.⁷¹¹ To the extent that Columbia seeks to resubmit its Phase II Plan proposal, the Commission should require that the request be made via a standalone petition that includes dedicated, proportional low income programming.⁷¹² Alternatively, if the Commission approves the Phase II Plan, Columbia should be required to either exempt all confirmed low income customers from Columbia's EE Rider, or proportionately expand funding for its A&R and ERP programs, as discussed further in subparts 1 and 2, below.⁷¹³

⁷⁰⁶ CAUSE-PA St. 1 at 46.

⁷⁰⁷ *Id.* at 46-48.

⁷⁰⁸ *Id.* at 51-52.

⁷⁰⁹ *Id.*

⁷¹⁰ *Id.*

⁷¹¹ *Id.* at 52.

⁷¹² *Id.* at 52.

⁷¹³ *Id.* at 52.

1. If the Commission approves the Phase II EE&C Plan, it should order Columbia to proportionately increase the portion of the A&R Budget that was tied to the settlement approving its Phase I EE&C.

As part of the Settlement in Columbia's 2022 Rate Case, where its Phase I EE&C Pilot was initially approved, Columbia agreed to increase funding for its A&R Program to help address the lack of dedicated and proportional low income programming in the EE&C Pilot.⁷¹⁴ Columbia's substantial underspending of its A&R budget undermines the prior settlement arrangement, which required Columbia to increase the budget for its A&R program to remedy the lack of dedicated low income programs in Columbia's Phase I EE&C Plan.⁷¹⁵

As stated above, CAUSE-PA urges the Commission to either reject Columbia's Phase II EE&C proposal or, alternatively, exempt all confirmed low income customers from paying for the EE Rider. However, to the extent that the Commission approves the Phase II EE&C Plan and does not exempt low income customers from the rider EE, Columbia should be required to increase its 2022 settlement obligations related to the additional funding for the A&R program (and ERP program as explained below) by an amount proportionate to any increase to Columbia's EE&C Plan budget.⁷¹⁶ In that Settlement Columbia agreed to increase the A&R budget by \$250k per year in exchange for approval of its Phase I EE&C Plan without dedicated low income programming.⁷¹⁷

⁷¹⁴ CAUSE-PA St. 1 at 50-51.

⁷¹⁵ *Id.* at 53.

⁷¹⁶ *Id.* at 54.

⁷¹⁷ *Id.*

Mr. Geller explained the calculation as follows:

For reference, the three-year budget for Columbia's Phase I EE&C Plan was \$4 million, (approximately \$1.67 million per year) and the proposed budget for Columbia's Phase II EE&C Plan is \$7.9 million (approximately \$2.63 million per year) - an increase of 97.5%. Thus, if the full requested Phase II EE&C budget were approved, the A&R Budget should be increased by \$243,750 per year.⁷¹⁸

If indeed the Commission does not reject Columbia's Phase II EE&C Plan for lack of dedicated, proportionate low income programming, this additional \$243,750 per year in A&R funds would help ensure that low income customers receive an increased benefit that is proportionate to the increase to the non-low income EE&C programs. However, to be truly proportionate and equitable, the additional funding must be combined with CAUSE-PA's above recommendations to roll over the unspent A&R budget and provide no-cost measures to customers at or below 150% FPL.

2. If the Commission approves the Phase II EE&C Plan, the Commission should order Columbia to proportionately increase the portion of the ERP Budget tied to the settlement approving its Phase I EE&C.

As part of the Settlement in Columbia's 2022 Rate Case, where its Phase I EE&C Pilot was initially approved, Columbia also agreed to increase funding for its Emergency Repair Program (ERP), which is part of its USECP.⁷¹⁹ The ERP provides important benefits to low income households and helps reduce reliance on unsafe and inefficient heating alternatives when a household's gas heating system is in disrepair.⁷²⁰

⁷¹⁸ CAUSE-Pa St. 1 at 51.

⁷¹⁹ *Id.*

⁷²⁰ *Id.*

To the extent that the Commission does not reject Columbia's proposed Phase II EE&C Plan for failure to include dedicated low income programming (or, alternatively exempt all confirmed low income customers from Rider EE), Columbia should be required to proportionately increase its 2022 settlement obligations related to ERP budget by an amount proportionate to any increase to Columbia's EE&C Plan budget.⁷²¹

In line with his recommendation about the A&R program discussed above, Mr. Geller explained the calculation as follows:

In that Settlement Columbia agreed to increase the ERP budget by \$300k per year in exchange for the approval of its Phase I EE&C Plan without including dedicated low income programming. Thus, if the full requested Phase II EE&C budget were approved the ERP Budget should be increased by \$292,500 per year.⁷²²

This extra \$292,500 per year would help provide additional vital, potentially lifesaving, services by and help additional vulnerable customers regain their heating and hot water in emergency situations. It would also help offset the inequities due to the lack of low income programming in Columbia's EE&C.

⁷²¹ CAUSE-PA St. 1 at 56.

⁷²² *Id.*

XIV. COMPETITIVE SUPPLY ISSUES

Columbia's residential and low income shopping customers are consistently charged commodity rates that, on average, substantially exceed the applicable default service price – adding hundreds of dollars to bills each year and exacerbating the negative consequences of high energy burdens on low income customers.⁷²³ These consistently high commodity prices are driving up collections, termination, and universal service program costs, and exacerbating distribution costs which fall to other residential ratepayers.⁷²⁴ Columbia must do more to help educate consumers about the competitive market and ensure low income households are connected to vital rate relief through CAP before accruing unmanageable debts.

Tables 14 and 15 provide a summary of the extensive data presented in CAUSE-PA Exhibits 1 and 2, which details the monthly average charges in excess of the default service price for Columbia's residential and low income shopping customers. In the first three months of 2025, residential and low income shopping customers were charged on average more than \$190 more than the applicable price to compare – equating to an average of more than \$63 in additional costs each month.⁷²⁵

⁷²³ CAUSE-PA St. 1 at 58; CAUSE-PA Exhibits 1 & 2; *see also* OCA St. 6 at 20, OCA Exhibit BA-5.

⁷²⁴ CAUSE-PA St. 1 at 58-59.

⁷²⁵ CAUSE-PA Exhibits 1 and 2.

Table 14: R Shopping Charges in Excess of Default Service Price⁷²⁶

Date	Total R Shopping Charges Over Default	Average Per Customer R Shopping Charges Over Default
2022	\$11,180,602	\$223.41
2023	\$12,286,390	\$253.37
2024	\$14,746,740	\$304.94
2025 (Jan-Mar)	\$9,367,049	\$190.97
TOTAL	\$47,580,781	\$972.69

Table 15: CLI (Non-CAP) Shopping Charges in Excess of Default Service Price⁷²⁷

Date	Total CLI (Non-CAP) Shopping Charges Over Default	Average Per Customer CLI (Non-CAP) Shopping Charges Over Default
2023 (Jun-Dec)	\$975,517	\$104.33
2024	\$2,498,567	\$276.86
2025 (Jan-Mar)	\$1,806,455	\$196.72
TOTAL	\$5,280,538	\$577.92

Persistently higher average prices in the competitive market are “creating a host of consequences” for individual consumers and other ratepayers - including higher termination rates, collections costs, and universal service costs.⁷²⁸ Low income shopping customers, in particular, are uniquely harmed by higher prices in the competitive market. In 2024, the termination rate for Columbia’s low income shopping customers topped 25% - compared to 14% for low income default service customers.⁷²⁹ When termination rates increase, so too does the cost of collections that are recovered through rates.⁷³⁰

⁷²⁶ CAUSE-PA St. 1 at 57; CAUSE-PA Exhibit 1.

⁷²⁷ CAUSE-PA St. 1 at 58; CAUSE-PA Exhibit 2.

⁷²⁸ CAUSE-PA St. 1 at 58.

⁷²⁹ *Id.* at 57-58, T.13.

⁷³⁰ Tr. at 392.

Columbia does not permit customers who are actively enrolled in CAP to shop for competitive supply, which “has likely prevented millions of dollars in unnecessary programmatic costs and higher charges for CAP participants.”⁷³¹ However, this rule does not fully alleviate the potential for exorbitant competitive market rates to increase universal service program costs. Namely, excessive competitive supply prices can have a direct, dollar for dollar impact on CAP arrearage management costs. As Mr. Geller explained:

When a household is enrolled in CAP for the first time, their pre-program arrearages are frozen and eligible for forgiveness over time.

If a low income shopping customer applies for CAP after shopping at a higher rate, they are likely to enter the program with unnecessarily high arrears which, in turn, would increase the cost of the program supported by other residential ratepayers.⁷³²

Excessive competitive supply prices also erodes the availability of limited hardship fund dollars and undercuts the ability of Columbia’s Hardship Fund Program to help low income and other vulnerable households to maintain essential gas services to their home.⁷³³

To help safeguard against these severe consequences of excessive pricing in the competitive market, CAUSE-PA submits that the Commission should require Columbia to improve its general residential shopping education,⁷³⁴ and should provide targeted education to low income shopping customers about the availability and benefits of CAP.⁷³⁵ At minimum, CAUSE-PA recommends that Columbia develop a letter with assistance

⁷³¹ CAUSE-PA St. 1 at 59.

⁷³² *Id.* at 59.

⁷³³ CAUSE-PA St. 1-SR at 36.

⁷³⁴ OCA St. 6 at 20-21

⁷³⁵ CAUSE-PA St. 1 at 59-60.

from its Universal Service Advisory Committee (USAC) that provides information about the availability of CAP to low income shopping customers, and instructions for how to enroll.⁷³⁶

Columbia's CEO, Mark Kempic, strenuously objects to this basic outreach and education, arguing, without evidence, that CAUSE-PA's proposed "letter writing campaign" would "discriminate" against low income customers and would violate the right of customers to choose.⁷³⁷ At the evidentiary hearing, Mr. Kempic argued further that Columbia cannot "force" low income customers to enroll in CAP.⁷³⁸ Despite his strong opinions, he admitted that he did not review the extensive shopping data, but nevertheless argued that he "didn't need to" in order to reach his conclusion that Columbia's current education is adequate. Mr. Kempic went so far as to suggest he could not say that a 25% involuntary termination rate is a "substantial" termination rate, arguing instead that it was a "slippery slope."⁷³⁹ When asked whether it was his position that low income shopping customers would rather endure involuntary loss of heating, cooking and hot water than be informed of the availability of a program that could prevent that termination, Mr. Kempic responded: "I can't speculate as to what's in a customer's mind" ... "I don't know."⁷⁴⁰

Mr. Kempic's position is untenable and speculation is not needed here. The Choice Act defines the term "universal service and energy conservation programs" as: "Policies,

⁷³⁶ CAUSE-PA St. 1 at 60.

⁷³⁷ Columbia St. 1-R at 21.

⁷³⁸ Tr. at 391: 10.

⁷³⁹ Tr. at 391: 1 & 11-25.

⁷⁴⁰ Tr. at 393: 18-25 & 394: 2-5.

practices and services that help residential low-income retail customers ... to *maintain* natural gas supply and distribution services.”⁷⁴¹ The Act requires that the Commission ensure these programs are “available in each natural gas distribution service territory”⁷⁴² to, *inter alia*, “*assist low-income retail customers to afford natural gas service.*”⁷⁴³ In short, the Act clearly recognizes that the ability of low income customers to both *afford* and *maintain* gas service to their home is of paramount concern. Yet, as it stands, at least 1 in 4 of Columbia’s low income shopping customers are categorically unable to afford to maintain service to their home – resulting in involuntary termination at rates which far surpass low income default service customers.

Columbia’s indifference to excessive commodity charges in the competitive market, and the high corresponding termination rates, collections costs, and universal service program costs, runs contrary to its obligation to prudently manage collections and minimize costs borne by other ratepayers.⁷⁴⁴ Columbia’s position also plainly contradicts Columbia’s statutory obligations regarding education and universal service under the Choice Act. Pursuant to the Choice Act, Columbia has a statutory obligation to educate consumers about the competitive market and to provide “*adequate and accurate information*

⁷⁴¹ 66 Pa. C.S. § 2202 (emphasis added).

⁷⁴² 66 Pa. C.S. § 2203(8) (emphasis added).

⁷⁴³ 66 Pa. C.S. § 2203(7) (emphasis added).

⁷⁴⁴ Consumers cannot readily negotiate with a utility and must “rely upon” the Commission to provide “a complete, permanent, and effective bond of protection from excessive rates and charges” of the public utility. *Permian Basin Area Rate Cases*, 390 U.S. 747, 794-95 (1968) (*Permian Basin*) (citing *Atlantic Ref. Co. v. Pub. Serv. Comm’n*, 360 U.S. 378, 388 (1981)). The Commission’s “responsibilities include the protection of future, as well as present, consumer interests.” *Permian Basin*, 390 U.S. at 797.

necessary to help them make appropriate choices as to their natural gas service.”⁷⁴⁵ This information must “be provided to retail gas customers in an understandable format that enables retail gas customers to compare prices and services on a uniform basis.”⁷⁴⁶ In turn, Columbia is to statutorily required to operate its universal service and energy efficiency programs in a cost effective manner – ensuring, as noted above, that its programs are appropriately funded and available to help low income customers to afford and maintain gas service to their home.⁷⁴⁷

The overarching goal of the Choice Act is to promote competition through deregulation of the energy supply industry, leading to reduced energy costs for consumers, not unbridled competition.⁷⁴⁸ The Commission has the authority to effectively limit

⁷⁴⁵ 66 Pa. C.S. § 2206 (c), (d). Notably, section 2206(d) requires each NGDC to implement a customer education plan prior to implementation of a restructuring plan. **However, nothing in the section suggests that an NGDC’s consumer education obligation under this section ends after implementation of the NGDC’s restructuring plan.** CAUSE-PA submits that, given the negative and costly outcomes residential and low income households are experiencing in the competitive market, there is an ongoing need for Columbia to “provide retail gas customers with information necessary to help them make appropriate choices as to their natural gas service.” 66 Pa. C.S. § 2206(d).

⁷⁴⁶ 66 Pa. C.S. § 2206(c).

⁷⁴⁷ 66 Pa. C.S. § 2203(7), (8) (“The commission shall ensure that universal service and energy conservation policies, activities and services are appropriately funded and available in each natural gas distribution service territory. ... Programs under this paragraph shall be subject to the administrative oversight of the commission, which shall ensure that the programs are operated in a cost-effective manner.”).

⁷⁴⁸ *Retail Energy Supply Assoc. v. Pa. PUC*, 230 C.D. 2017 (Pa. Commw. Ct. 2017), citing *CAUSE-PA v. Pa. PUC*, 120 A.3d 1087, 1101 (Pa. Commw. Ct. 2015).

competition “so that other important policy concerns of the General Assembly, such as access, *affordability*, and cost-effectiveness, may be served.”⁷⁴⁹

Columbia argues that its call scripting, bill, and website offer adequate information to consumers about shopping and the price to compare.⁷⁵⁰ However, evidence revealed through the course of litigation and at hearing raised substantial questions about this claim.

On Columbia’s bill, the price to compare is buried in the fine print on the back of the bill and key terms related to shopping, such as price to compare and natural gas supplier, do not appear with other common defined terms.⁷⁵¹ Columbia could point to just one bill insert, in February 2025, that contained definitions for the terms price to compare and natural gas supplier – though no other information was included that might help customers to compare offers or otherwise assess their eligibility for a lower rate through CAP.⁷⁵²

While Columbia has a dedicated webpage that provides information about shopping, no information about shopping information is discussed on Columbia’s “Understanding

⁷⁴⁹ *Retail Energy Supply Assoc. v. Pa. PUC*, 230 C.D. 2017 (Pa. Commw. Ct. 2017), citing *CAUSE-PA v. Pa. PUC*, 120 A.3d 1087, 1103 (Pa. Commw. Ct. 2015), While this case was interpreting the Electric Choice and Competition Act, the two Acts are parallel in their intent and application.

⁷⁵⁰ Columbia St. 1-R at 20-21; Columbia St. 1-RJ at 6-9; Tr. at 395.

⁷⁵¹ OCA St. 6 at 20; OCA Exhibit BA-4; CAUSE-PA Hearing Exhibit 2; Tr. at 397:25 to 400: 9. Note that Columbia’s witness argued that there may be more information on a residential distribution service bill; however, the bill sample reviewed is what appears on Columbia’s webpage, Understanding Your Bill, and is consistent with the bill sample for residential shopping customers addressed by OCA witness Barbara Alexander. See OCA St. 6 at 20; OCA Exhibit BA-4; CAUSE-PA Hearing Exhibit 2 & 3.

⁷⁵² Tr. at 422-424; Columbia Hearing Exhibit 3; *see also* CAUSE-PA St. 1-SR at 38.

Your Bill” webpage,⁷⁵³ which is the place most customers who are served by a supplier and have questions about their bill would be most likely to look. When asked whether he thinks that understanding the price bears an important part to understanding your bill, Mr. Kempic responded: “No, I don’t.”⁷⁵⁴ In fact, Mr. Kempic “thoroughly disagree[s]” that a primary purpose of the Choice Act was to help lower costs for consumers.⁷⁵⁵ Mr. Kempic is wrong on this point.⁷⁵⁶ It is hard to see how Columbia can reasonably claim it provides adequate information to assist consumers to make an informed choice about their energy when its CEO refuses to recognize the critical importance of understanding the price of energy and how it appears on their bill. As the Commission recognizes in its statement of purpose in section 62.221 of its regulations, implementing the Choice Act, it is “essential that [retail gas shopping customers] are able to compare the price of gas purchased from their incumbent NGDC with that offered for sale by NGSs.”⁷⁵⁷

Columbia’s objections to improving education about shopping and, more specifically, to providing targeted information to low income shopping customers about the availability of CAP and how to enroll are with without merit. We urge adoption of our recommendations to help safeguard low income customers and other residential ratepayers

⁷⁵³ Tr. at 417: 10-18; CAUSE-PA Hearing Exhibit 3.

⁷⁵⁴ Tr. at 414: 8-11.

⁷⁵⁵ Columbia St. 1-RJ at 9; see also Tr. at 420: 2-17.

⁷⁵⁶ *Retail Energy Supply Assoc. v. Pa. PUC*, 230 C.D. 2017 (Commw. Ct. 2017), *citing CAUSE-PA v. Pa. PUC*, 120 A.3d 1087, 1101 (Pa. Commw. Ct. 2015)(explaining the overarching goal of competition through deregulation of the energy supply industry, is to reduce energy costs for consumers, not unbridle competition.).

⁷⁵⁷ 52 Pa. Code § 62.221; *see also* CAUSE-PA St. 1-SR at 62.

from excessive prices in the competitive market, consistent with Columbia’s explicit obligations in the Choice Act.⁷⁵⁸

XV. TARIFF ISSUES

A. Economic Development Distribution Service (EDDS)

1. Columbia’s proposed EDDS rate is premature in light of the Commission’s active docket to establish statewide policy governing the interconnection of large load customers and should be denied.

On April 24, 2025, this Commission held an *en banc* hearing on rate impacts and tariff designs due to the interconnection of data centers.⁷⁵⁹ Vice Chair Kimberly Barrow explained that, while the hearing was comprehensive, this is a complex issue and numerous questions remain unanswered.⁷⁶⁰ The Commission initiated a comment and reply comment period open to all stakeholders, and the proceeding remains open pending Commission review.

In this proceeding, Columbia seeks to implement a new EDDS rate schedule to “allow the flexibility to bring on new large load customers that may have short term natural gas or investment needs.”⁷⁶¹ Specifically, Columbia seeks to serve these customers as “non-

⁷⁵⁸ 66 Pa. C.S. § 2202, 2203(7), (8), 2206(c), (d).

⁷⁵⁹ *En Banc Hearing Concerning Interconnection and Tariffs for Large Load Customers*, M-2025-3054271.

⁷⁶⁰ *En Banc Hearing Concerning Interconnection and Tariffs for Large Load Customers*, Directed Questions of Vice Chair Kimberly Barrow, Docket No. M-2025-3054271 (May 1, 2025).

⁷⁶¹ CPA St. 9 at 41:7-9.

jurisdictional customs and provide the opportunity for Columbia to enter into individual contracts with customers taking service under this rate schedule.”⁷⁶²

Columbia’s EDDS proposal is premature in light of the Commission’s active, ongoing proceeding to develop statewide policy guidelines and/or a model tariff for large load customers.⁷⁶³ While the Commission’s primary inquiry has been focused on the electric industry, the scope of the proceeding broadly encompasses issues which cross electric, gas, and water utilities.⁷⁶⁴ Many of the issues that Columbia seeks to address through its proposed EDDS rate class will also be addressed by the Commission. These issues include creating fair rules and procedures that provide transparency to new customers seeking to interconnect, protection for existing customers, and certainty to utilities themselves as they consider potentially significant investments to their infrastructure.⁷⁶⁵ The results of that proceeding will thus provide guidance for all jurisdictional utilities seeking to implement large load rates or tariffs.⁷⁶⁶

Columbia had no requests for this service at the time it was proposed.⁷⁶⁷ The Company has subsequently received *one* inquiry from a *potential* customer that *may* qualify for this service. Columbia argues that, based on this speculative potential, it should

⁷⁶² CPA St. 9 at 11-13.

⁷⁶³ CAUSE-PA St. 2 at 78.

⁷⁶⁴ *Id.* at 78.

⁷⁶⁵ *En Banc Hearing Concerning Interconnection and Tariffs for Large Load Customers*, Motion of Chairman Steven M DeFrank, Docket No. M-2025-3054271, (Mar. 27, 2025).

⁷⁶⁶ CAUSE-PA St. 2 at 78.

⁷⁶⁷ *Id.* at 78-79.

be permitted to implement the rate schedule without waiting for the Commission to issue a model tariff or statewide policy.⁷⁶⁸

The Commission must exercise utmost caution in approving any new rate schedule or rules and conditions of service before the Commission issues overall guidance about large load connections.⁷⁶⁹ The potential scale of the investment and the risk of cost shifting is significant and must be explored through the Commission’s measured approach with this in the large load tariff proceeding.⁷⁷⁰ Columbia and its existing customers (including low income customers) would be better served by waiting for the Commission’s guidance before implementing a new, special rate class.⁷⁷¹ As such, the Commission should deny the proposed EDDS rate schedule at this time, without prejudice.

B. Eligible Customer List

Columbia proposes in this proceeding to make several changes to its tariff pursuant to Commission directives in its March 13, 2025 Order at Docket M-2010-2183412, Eligible Customer List Guidelines. This order updated “the guidelines for Eligible Customer Lists (ECLs) that Electric Distribution Companies (EDCs) make available to Electric Generation Suppliers (EGSs) and that Natural Gas Distribution Companies (NGDCs) make available to Natural Gas Suppliers (NGSs) (collectively suppliers).”⁷⁷²

⁷⁶⁸ CPA St. 9-R at 35-36.

⁷⁶⁹ CAUSE-PA St. 2-SR at 23.

⁷⁷⁰ *Id.*

⁷⁷¹ CAUSE-PA St. 2 at 79.

⁷⁷² *Guidelines for Eligible Customer Lists*, Order, Docket No. M-2010-2183412 (order entered March 13, 2025).

The purpose and scope of the ECL is to provide information about eligible customers to *licensed suppliers* for the purposes of supporting competition.⁷⁷³ However, in reviewing Columbia’s proposed tariff changes, witnesses for both OCA and CAUSE-PA raised concerns that Columbia’s tariff uses far broader language – allowing it to provide ECL data and information to any third party, without restraint.⁷⁷⁴ This broad language is “overly permissive” – and “could be interpreted to allow the Company to share Customer information with parties other than participating NGS suppliers.”⁷⁷⁵ At the evidentiary hearing in this matter, Mr. Kempic admitted that this is not only a possibility – Columbia

⁷⁷³ This explicit purpose is evident throughout the Commission’s March 13 Order, which consistently references disclosure of the ECL to suppliers – not third parties. For example, in the order’s conclusion section, the Commission reminded “utilities and suppliers of the importance of maintaining the security and confidentiality of the information on the ECL and of the rules and regulations that address such.” *Guidelines for Eligible Customer Lists*, Order, Docket No. M-2010-2183412, at 19 (order entered March 13, 2025).

The Commission did not admonish unrelated third parties of these rules, as it has never contemplated expanded disclosure of the ECL to unlicensed, non-EGS third parties.

As a further example, in discussing the required communications with customers regarding the ECL, the Commission explained that utilities must include the following: “what [the ECL] is; what information is included on the ECL; how this information is to be used by suppliers; how the information is to be safeguarded by utilities and suppliers; and the potential benefits to the customers of having their information on the ECL.” *Id.* at 18.

If the Commission contemplated that third parties would also have access to ECL data and information, it certainly would have identified third parties as potential ECL data recipients in setting forth the required elements of ECL communications.

⁷⁷⁴ CAUSE-PA St. 1-SR at 34; OCA St. 6-SR at 16-17.

⁷⁷⁵ CAUSE-PA St. 1-SR at 34.

does in fact interpret its ECL tariff to permit the Company to share sensitive ECL data with any third party, regardless of whether they are licensed as an EGS.⁷⁷⁶

CAUSE-PA urges the Commission to require that Columbia amend its ECL tariff language, section 4.5.4, to strike reference to third parties, and limit ECL access to licensed suppliers in Columbia's service territory.⁷⁷⁷

This issue is particularly critical in light of Columbia's June 30, 2025, filing at its 2018 rate case docket.⁷⁷⁸ This filing ostensibly makes a u-turn from its prior 2019 compliance filing, where it notified the Commission of its decision to discontinue its practice of on-bill billing after serious questions were raised about its prior on-bill billing practices during its 2018 rate case.⁷⁷⁹ Six years later, in 2025, Columbia notified the Commission via compliance filing of its unilateral decision that, for a fee, it will begin allowing all third parties to bill for non-utility services through the gas bill.⁷⁸⁰ If a third party on-bill biller wishes to pay an additional recurring fee, "Columbia may provide updated customer lists."⁷⁸¹ While Columbia's filing references data privacy and security,

⁷⁷⁶ Tr. at 406: 1-19.

⁷⁷⁷ CAUSE-PA St. 1-SR at 34.

⁷⁷⁸ At the evidentiary hearing in this matter, ALJs Watson and Allensworth took official notice of Columbia's recent filings at Dockets R-2018-2647577 and G-2025-3056022. Tr. at 406: 6-9 & 412: 17-21. Pursuant to the ALJ's request, counsel for CAUSE-PA circulated the noticed documents to the ALJs and all parties via email. Pursuant to 52 Pa. Code 5.406, these publicly available documents were not reproduced for the record.

⁷⁷⁹ Columbia Gas of Pa., Inc. Notice of Compliance, Docket No. R-2018-2647577, at 1 (filed June 30, 2025).

⁷⁸⁰ *Id.*

⁷⁸¹ Columbia Gas of Pa., Inc.'s Notice of Compliance, Docket No. R-2018-2647577, at 2 (filed June 30, 2025).

it does not disclose any details about the scope of restrictions on use or sharing it intends to apply.⁷⁸²

CAUSE-PA raises these issues here specifically because of Columbia's tariff provision that allows disclosure of ECL to any third party for marketing purposes. As discussed above in section XIV, at the same time as Columbia seeks to sell ECL data to third parties, it has turned a blind eye to excessive prices in the competitive market that are driving up involuntary termination rates, increasing collections and universal service costs for other ratepayers, and exacerbating energy insecurity for low income families. Columbia's expansive ECL tariff rules will have a further detrimental impact on low income families, as it may expose economically vulnerable households to targeted marketing for products unrelated to gas service. Notably, in the Commission's March 13, 2025 Order updating its ECL guidelines, the Commission affirmed inclusion of a "CAP flag" within the ECL, allowing suppliers to identify low income households for the purpose of complying with restrictions on CAP shopping.⁷⁸³ This kind of personal information is extremely sensitive, and disclosure to third parties that are not subject to the Commission's supplier regulations could result in added harm to low income families – potentially exposing them to unwanted and unscrupulous marketing efforts that may ensnare households in costs they cannot afford to bear.

⁷⁸² Columbia Gas of Pa, Inc. Notice of Compliance, Docket No. R-2018-2647577, at 3 (filed June 30, 2025).

⁷⁸³ Guidelines for Eligible Customer Lists, Order, Docket No. M-2010-2183412, at 13-14 (order entered March 13, 2025).

For these reasons, CAUSE-PA urges the Commission to require Columbia to revise section 4.5.4 of its tariff, regarding its ECL, to eliminate reference to third parties and narrow the scope of ECL disclosure to include only licensed EGSs.

C. Universal Service Rider Issues

Approximately 70,000 (77%) of Columbia’s estimated low income customers are required to pay Columbia’s Rider USP because they are not enrolled in CAP.⁷⁸⁴ Universal service programs must be appropriately and adequately funded, as is required by statute.⁷⁸⁵ CAUSE-PA strongly the funding of universal service programs to meet the needs of low income customers within Columbia’s service territory and to greatly expand the number of these customers to participate in CAP.⁷⁸⁶ However, because these programs are paid for by a rider – thus ensuring recovery for Columbia – the Commission must ensure that the Company does not seek to add costs into that rider that may be more appropriately assigned to base rates in general.⁷⁸⁷

Columbia proposes to recover the cost of the Energy Assistance Team (“EAT”), which handles the administration of LIHEAP/CRISIS and CAP accounting through Rider USP rather than its current practice of recovering that cost through base rates.⁷⁸⁸ However, Columbia should only be allowed to make this change to the extent that the costs it seeks to recover through the Rider USP are attributable to staff that work exclusively on its

⁷⁸⁴ CAUSE-PA St. 1 at 24, 60-61.

⁷⁸⁵ 66 Pa. C.S. § 2202, 2203(8).

⁷⁸⁶ CAUSE-PA St. 1 at 61.

⁷⁸⁷ *Id.*

⁷⁸⁸ CPA St. 16 at 10.

Universal Service Programs.⁷⁸⁹ Otherwise, to the extent that Columbia assigns salaries to the Rider USP that are not exclusively attributable to the administration of Universal Service Programs, Columbia runs the risk of artificially inflating its Rider USP costs which will hamper the ability of the Company to fund necessary programs in the long term.⁷⁹⁰

Columbia has also proposed to incorporate overly broad tariff language into its Rider USP.⁷⁹¹ The Company is proposing to add a sentence to the first paragraph under the calculation of the rate to state, “and any other replacement or Commission- mandated Universal Service Program or low-income program that is implemented during the period that the rider is in effect.”⁷⁹² In its entirety, the paragraph would read:

The Rider USP rate shall be calculated to recover costs for the following programs: Low Income Usage Reduction Program (LIURP); Customer Assistance Program (CAP); and the WarmWise® Audits and Rebates program; and the Emergency Repair Program (ERP) and any other replacement or Commission- mandated Universal Service Program or low-income program that is implemented during the period that the rider is in effect.⁷⁹³

This language appears overly broad and muddles what costs are actually recovered through the rider.⁷⁹⁴ The tariff language should specify the exact programs and costs to be recovered through the rider to make it clear to customers and stakeholders what is actually being paid for through Rider USP.

⁷⁸⁹ CAUSE-PA St. 1 at 61.

⁷⁹⁰ *Id.*

⁷⁹¹ *Id.*

⁷⁹² Proposed Tariff at p 146.

⁷⁹³ *Id.* (proposed addition underlined).

⁷⁹⁴ CAUSE-PA St. 1 at 61.

The Commission must ensure that costs are appropriately allocated between what should be collected in base rates and what should be collected through the rider.⁷⁹⁵ Thus, the Commission should reject Columbia's overly broad tariff language. Columbia should be required to list the specific programs and costs that are recovered under rider USP.

XVI. MISCELLANEOUS ISSUES

CAUSE-PA does not take a position on any additional issues in this main brief. CAUSE-PA reserves the right to respond, as necessary, to any miscellaneous issues raised by the Company or other parties in its reply brief to the extent that it impacts or implicates issues raised in this Main Brief.

⁷⁹⁵ CAUSE-PA St. 1 at 61.

XVII. CONCLUSION

CAUSE-PA urges the Honorable Administrative Law Judges Jefferey A. Watson and Chad Allensworth, and the Pennsylvania Public Utility Commission, to deny Columbia's proposed revenue increase, as well as its excessive proposed fixed charge and its unjust and unreasonable alternative rate mechanisms. We further urge adoption of the OCA's proposed revenue decrease and the policy and programmatic recommendations throughout this Main Brief to mitigate the effects of Columbia's categorically unaffordable rates on low income households, promote just and equitable rates, and ensure access to universal service and energy conservation programs that protect the ability for low income households to maintain safe and affordable services to their home.

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APPENDIX A: PROPOSED CONCLUSIONS OF LAW

Overall

1. The Commission has jurisdiction over the parties and the subject matter of this proceeding.⁷⁹⁶
2. Columbia Gas of Pennsylvania, Inc, as the utility has the burden of establishing the justness and reasonableness of every element of its requested rate increase.⁷⁹⁷
3. Columbia has the burden of proving that every element of its proposed rates are just and reasonable.⁷⁹⁸
4. As a matter of law, a public utility's rates must be just and reasonable and in conformity with regulations or orders of the Commission.⁷⁹⁹
5. A public utility may obtain "a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment."⁸⁰⁰
6. The Commission "has broad discretion in determining whether rates are reasonable" and "is vested with discretion to decide what factors it will consider in setting or evaluating a utility's rates."⁸⁰¹

⁷⁹⁶ 66 Pa. C.S. § 101, *et seq.*

⁷⁹⁷ 66 Pa. C.S. §§ 315(a), 1301; *Lower Frederick Twp. Water Co. v. Pa. PUC*, 409 A.2d 505, 507 (Pa. Commw. Ct. 1980).

⁷⁹⁸ 66 Pa. C.S. §§ 315(a), 1301, 1308(e).

⁷⁹⁹ 66 Pa. C.S. § 1301(a).

⁸⁰⁰ *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Commw. Ct. 2002) (Lancaster 2002).

⁸⁰¹ *Popowsky v. Pa. PUC*, 683 A.2d 958, 961 (Pa. Commw. Ct. 1996) (Popowsky 1996).

7. The Commission has the “power to make and apply policy” concerning the appropriate balance between rates charged to consumers and returns allowed to utility investors.⁸⁰²
8. Given that a utility’s general rate increase request will substantially affect the interests of consumers, the Commission must “consistent with its other statutory responsibilities, take such action with due consideration to the interests of consumers.”⁸⁰³
9. Columbia has not met its burden of proving its requested annual revenue increase of \$110.5 million will produce just and reasonable rates.
10. An overall revenue requirement decrease of \$36,316,933 or -3.96% over current rates of \$919,007,834 as based on the OCA’s fully substantiated adjustments, including OCA’s overall rate of return of 7.06% which includes a common equity component of 8.90%, as well as adjustments to Columbia’s method of depreciation, will produce rates that are just and reasonable, equitable among customer groups, and in the public interest, will allow Columbia to recover its reasonable costs, have an opportunity to earn a fair rate of return, and maintain its financial stability to provide safe and adequate service to consumers.

⁸⁰² *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995).

⁸⁰³ 71 P.S. § 309-5.

Rate of Return

11. A public utility which dedicates its facilities and assets to public service is entitled to no more than a reasonable opportunity to earn a fair rate of return on shareholder investment.⁸⁰⁴
12. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to raise the money necessary for the proper discharge of public duties.⁸⁰⁵
13. A return on the value of the [utility's] property which it employs for the convenience of the public equal to that being made at the same time on investments in other business undertakings which are attended by corresponding risks and uncertainties.⁸⁰⁶
14. A fair rate of return “should be commensurate with returns on investments in other enterprises having corresponding risks” while being sufficient “to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and attract capital.”⁸⁰⁷

⁸⁰⁴ *City of Pittsburgh v. Pa. PUC*, 126 A.2d 777, 785 (Pa. Super. 1956) (City of Pittsburgh II).

⁸⁰⁵ *Bluefield Water Works and Improvement Co. v. Public Serv. Comm'n of W.Va.*, 262 U.S. 679, 692-93 (1923) (Bluefield).

⁸⁰⁶ *Bluefield* at 692.

⁸⁰⁷ *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944) (Hope).

15. The rate-making process under the Public Utility Code involves a balancing of the investor and consumer interests. However, regulation does not ensure that the business shall produce net revenues.⁸⁰⁸
16. Actual capital structures weighted too heavily on the debt side or equity side may be adjusted by the Commission based upon substantial evidence to reach a fair result.⁸⁰⁹

Just and Reasonable Rates

17. The Commission has a fundamental duty to restrain the monopolistic tendencies of public utilities through the regulation of utility rates and attendant terms and conditions of service.⁸¹⁰
18. Rates must be just and reasonable – and must conform with all other laws, regulations, and orders of the Commission.⁸¹¹
19. Important ratemaking concerns include quality of service, rate gradualism, and rate affordability.⁸¹²

⁸⁰⁸ *Hope* at 603; see also *Pa. PUC v. Philadelphia Suburban Water Co.*, 71 Pa PUC 593, 623 (1989) (PSW 1989) (citing *Pittsburgh v. Pa. PUC*, 69 A.2d 844 (Pa. Super Ct. 1949)); see also *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 310, 312 (1989) (*Duquesne Light*), *aff'g Barasch v. Pa. PUC*, 532 A.2d 325 (Pa. 1987).

⁸⁰⁹ *Riverton Consol. Water Co. v. Pa. P.U.C.*, 140 A.2d 114 at 121 (Pa. Super. 1958).

⁸¹⁰ *Use of Fully Projected Future Test Year 52 Pa. Code Chapter 53*, L-2012-2317273, Final Form Order at 4 (order entered Jan. 8, 2025),

⁸¹¹ 66 Pa. C.S. § 1301.

⁸¹² *Pa. PUC v. Columbia Gas of Pa., Inc.*, Order, R-2020-3018835, at 46-47 (order entered Feb. 19, 2021) (citing 66 Pa. C.S. §§ 523, 526(a); *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Commw. Ct. 2006); *Pa. PUC v. Twin Lakes Util., Inc.*, 2020 Pa. PUC LEXIS 340, *46-54 (order entered Mar. 26, 2020).

20. In determining just and reasonable rates, the Commission has the “power to make and apply policy” – including, *inter alia*, the discretion to decide the proper balance between interests of ratepayers and utilities.⁸¹³
21. Columbia is entitled to no more than a reasonable opportunity to earn a fair rate of return on its investments which are dedicated to public service, not a guarantee.⁸¹⁴
22. A fair return for public utility service is not equivalent to “profits such as are realized or anticipated in highly profitable enterprises or speculative ventures”⁸¹⁵ – and “does not insure that the business shall produce net revenues.”⁸¹⁶
23. Section 102 of the Public Utility Code defines “rates” broadly to include any compensation whatsoever that is made, demanded, or received for any service, whether directly or indirectly, along with any rules, regulations, practices, classifications or contracts affecting any such compensation.⁸¹⁷

Gas Choice Act

24. The Choice Act also includes explicit requirements on NGDCs to provide universal service and energy conservation programs and to perform consolidated billing,

⁸¹³ *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995).

⁸¹⁴ *Pa. Gas & Water Co. v. Pa. PUC*, 341 A.2d 239, 251 (Pa. Commw. Ct. 1975).

⁸¹⁵ *Bluefield Water Works & Improvement Co. v. Public Serv. Comm’n of W.Va.*, 262 U.S. 679, 692- 93 (1923)

⁸¹⁶ *Federal Power Comm’n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944).

⁸¹⁷ *McCloskey v. Pa. PUC*, 219 A.3d 1216, 1223 (Pa. Commw. Ct. 2019) (citing 66 Pa. C.S. § 102).

fulfill consumer protection and customer service functions, and provide consumer information and education.⁸¹⁸

25. The term “universal service and energy conservation programs” is broadly defined as the “[p]olicies, practices and services that help residential low-income retail customers ... to maintain natural gas supply and distribution services.”⁸¹⁹ The term explicitly includes: “retail gas customer assistance programs, termination of service protections and consumer protection policies and services that help residential low-income customers and other residential customers experiencing temporary emergencies to reduce or manage energy consumption in a cost-effective manner, such as low-income usage reduction programs and consumer education.”⁸²⁰

26. The Choice Act requires that the Commission ensure universal service and energy conservation programs are appropriately funded and accessible in each natural gas distribution service territory” to, *inter alia*, “assist low-income retail customers to afford natural gas service.”⁸²¹

27. Pursuant to the Choice Act, Columbia has a statutory obligation to educate consumers about the competitive market and to provide “adequate and accurate information necessary to help them make appropriate choices as to their natural gas service.”⁸²²

⁸¹⁸ 66 Pa. C.S. §§ 2205, 2206.

⁸¹⁹ 66 Pa. C.S. § 2202 (emphasis added).

⁸²⁰ 66 Pa. C.S. § 2202.

⁸²¹ 66 Pa. C.S. § 2203(8).

⁸²² 66 Pa. C.S. §§ 2202; 2206 (c), (d).

Burden of Proof

28. Columbia has the burden of proof to establish the justness and reasonableness of each element of its requested rate increase – inclusive of all attendant policies, programs, and services.⁸²³
29. The burden of proof remains with the Columbia throughout the case and does not shift to parties challenging a rate increase.⁸²⁴
30. Columbia has failed to meet its burden in the present proceeding to show that its proposed rate increase and alternative rate mechanisms – and associated programs, terms, and conditions of service – are in the public interest and will result in just and reasonable rates consistent with the Public Utility Code.⁸²⁵

Rate Design

31. The Commission has recently, and historically, rejected the inclusion of a customer component when allocating the costs of mains.⁸²⁶

⁸²³ 66 Pa. C.S. §§ 315 (a), 1308 (a).

⁸²⁴ *Pa. PUC v. Pa.-American Water Co.*, 2004 Pa. PUC LEXIS 29 at *16-18 (Jan. 29, 2004), citing *Berner v. Pa. PUC*, 116 A.2d 738 (Pa. 1955) (“It is well-established that in general rate increase proceedings, the burden of proof does not shift to parties challenging a requested rate increase.”); see also *Univ. of Pa. v. Pa. PUC*, 485 A.2d 1217 (Pa. Commw. Ct. 1984).

⁸²⁵ 66 Pa. C.S. § 1301.

⁸²⁶ See *Pa. PUC v. Columbia Gas of Pa, Inc.*, R-2020-3018835 (Order Feb. 19, 2021) (Columbia 2021) at 215-18; *Pa. PUC v. Phila. Gas Works*, Docket No. R-2023-3037933 (Order entered Nov. 9, 2023) at 137; *Pa. PUC v. National Fuel Gas Distribution Co.*, 83 Pa. P.U.C. 262, 360 (1994).

32. Fixed customer charges should provide an accurate depiction of the fixed costs a utility incurs to service that customer, regardless of their usage, and properly include only those charges which vary with the addition or subtraction of a single customer.⁸²⁷
33. The Commission may consider additional factors when setting fixed customer charges, such as gradualism, affordability, and incentives to conserve energy, especially to scale back proposed customer charges from the cost of service.⁸²⁸
34. While fixed customer charges properly include only those direct customer costs which vary with the addition or subtraction of a single customer, indirect customer costs may be considered by the Commission for inclusion in a customer charge, subject to scrutiny on a case-by-case basis.⁸²⁹
35. It would be unjust, unreasonable, and contrary to the public interest to approve any rate increase in this matter, without first requiring adoption of substantial additional reforms to Columbia's policies, procedures, programs, rates, and services.⁸³⁰

⁸²⁷ *Pa. PUC v. PECO Energy Company – Gas Division*, Docket No. R-2020-3018929 (Order June 22, 2021) (PECO Gas 2021) at 274; *Pa. PUC v. PPL Gas Util. Corp.*, R-00061398, 137 (Order Feb. 8, 2007); *Pa. PUC v. PPL Elec. Util. Corp.*, Docket No. R-2012-2290597 (Order Dec. 28, 2012) at 131.

⁸²⁸ *See, e.g., PECO Gas 2021* at 274 (“Rate design requires a careful balance of the competing interests of customer classes as well as prudent application of the principles of cost causation, gradualism, and overall fairness”).

⁸²⁹ *Pa. PUC v. PPL Gas Utilities Corporation*, Docket No. R-00061398, 2007 Pa. PUC LEXIS 2 at *210 (Order entered Feb. 8, 2007) (*PPL Gas 2007*); *Pa. PUC v. Aqua Pa., Inc.*, Docket No. R-00038805, 2004 Pa. PUC LEXIS 39 at *98 (Order entered July 23, 2004) (*Aqua 2004*).

⁸³⁰ 66 Pa. C.S. § 2203(7) (declaring that natural gas distribution companies are required to assist low income customers with affording their natural gas service).

36. Columbia’s proposed fixed charge increase violates the principles of gradualism and is “contrary to the Commission’s goal of encouraging customers to conserve energy”⁸³¹

Alternative Ratemaking

37. The Commission has the authority and discretion to permit alternative ratemaking where it will produce just and reasonable and non-discriminatory rates.⁸³²

38. The Commission has the authority and discretion to permit alternative ratemaking where it will enhance the safety, security, reliability, or availability of utility infrastructure and is consistent with efficient consumption of utility service.⁸³³

39. Utilities are not entitled to assurance during ratemaking that they will be able to recover net revenues; instead, utilities are granted the opportunity to recover their authorized revenue increase, and the public interest weighs against guaranteeing particular levels of revenue.⁸³⁴

40. Columbia has not met its burden of proving that its proposed Weather Normalization Adjustment (WNA) or its proposed Revenue Normalization Adjustment (RNA) will produce just, reasonable and non-discriminatory rates.

⁸³¹ See *Pa. PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket No R-2020-3018835, Opinion and Order at 264-265 (February 19, 2021).

⁸³² 66 Pa. C.S. §§ 1330, 1301, 1304.

⁸³³ 66 Pa. C.S. § 1330(a)(2).

⁸³⁴ *Hope* at 603; *Pa. Elec. Co. v. Pa. PUC*, 502 A.2d 130, 133-35 (Pa. 1985).

41. Columbia has not met its burden of proving the WNA or RNA will enhance the safety, security, reliability, or availability of utility infrastructure and is consistent with efficient consumption of utility service.
42. Substantial record evidence demonstrates that the proposed WNA and RNA will harm customers generally and disproportionately harm low-income customers.
43. Columbia's request to implement a permanent WNA and RNA mechanisms should be denied because Columbia has not shown that implementation of the WNA and RNA would result in just and reasonable rates.
44. The Commission's Distribution Rates Policy Statement enumerates factors to evaluate alternative ratemaking proposals, including Columbia's WNA and RNA.⁸³⁵
45. An evaluation of the Distribution Rates Policy Statement factors demonstrates that Columbia's WNA and RNA proposals are unjust and unreasonable.⁸³⁶

Universal Service Issues

46. Rates must be just and reasonable, which requires balancing the interests of all consumers, including low-income, residential consumers, with the interests of the Company.⁸³⁷
47. There are few considerations as important as affordability, as affordability "is in both the shareholders' and ratepayers' best interest. Affordable bills will maximize

⁸³⁵ 52 Pa. Code § 69.3302 (a).

⁸³⁶ 52 Pa. Code § 69.3302 (a).

⁸³⁷ *Pittsburgh v. Pa. PUC*, 126 A.2d 777, 784-85 (Pa. Super. Ct. 1956).

revenues for the Company and will enable ratepayers to continue to receive an essential service.”⁸³⁸

48. The Public Utility Code “seeks to ensure that service remains available to all customers on reasonable terms and conditions.”⁸³⁹

49. Natural gas distribution companies, specifically, are required to assist low-income customers with affording their natural gas service.⁸⁴⁰

50. Columbia is required to maintain a portfolio of universal service programs that is appropriately funded and administered to assist low income households to connect and maintain service to their home.⁸⁴¹

51. The Choice Act requires that the Commission “ensure that universal service and energy conservation policies, activities, and services are appropriately funded and available in each natural gas distribution service territory ... [and] operated in a cost-effective manner.”⁸⁴²

52. Universal service and energy conservation issues are a relevant and important area of inquiry in the context of determining whether a utility’s rates are just and reasonable and cannot be relegated to a utility’s periodic Universal Service and Energy Conservation Plan proceeding.⁸⁴³

⁸³⁸ *Pa. PUC v. Roaring Creek Water Co.*, Docket No. R-00943177, 1995 Pa. PUC LEXIS 67 at *116 (Order entered May 31, 1995) (Roaring Creek 1995).

⁸³⁹ 66 Pa. C.S. § 1402(3).

⁸⁴⁰ 66 Pa. C.S. § 2203(7).

⁸⁴¹ 66 Pa. C.S. §§ 2202, 2203(7)-(8).; 52 Pa. Code §§ 62.3, 62.4.

⁸⁴² 66 Pa. C.S. § 2203(8).

⁸⁴³ *Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1—58.18, Final Form Rulemaking Order,*

53. Tabling consideration of universal service issues until Columbia’s next USECP proceeding would result in denying low-income customer relief for an extended period, which is unreasonable and thwarts the purpose of universal service to help low-income customers maintain their natural gas service.⁸⁴⁴

54. LIURP budgets – as well as other critical universal service issues – are appropriate for consideration in a rate proceeding.⁸⁴⁵

Phase II Energy Efficiency & Conservation Plan

55. There is currently no explicit statutory or regulatory authorization for ratepayer funded NGDC EE&C plans in Pennsylvania.⁸⁴⁶

56. The Act 129 requirements for Pennsylvania EDCs provide a critical public policy touchstone for evaluating the justness and reasonableness of the design and implementation for any ratepayer supported efficiency programming.⁸⁴⁷

57. Regarding low income efficiency programming, Act 129 requires that EDCs offer dedicated, proportional low income programming within their EE&C plans that is *in*

Docket No. L-2016-2557886, at 50, 123 (order entered March 13, 2025); *see also Pa. PUC v. PGW*, Docket No. R-2023-3037933, at 216 (order entered Nov. 9, 2023).

⁸⁴⁴ *Pa. PUC v. PGW*, Docket No. R-2023-3037933, at 216 (order entered Nov. 9, 2023).

⁸⁴⁵ CAUSE-PA St. 1-SR at 16; *see Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1—58.18, Final Form Rulemaking Order*, Docket No. L-2016-2557886, at 50, 123 (order entered March 13, 2025); *see also Pa. PUC v. PGW*, R-2023-3037933 at 215-216 (order entered Nov. 9, 2023).

⁸⁴⁶ I&E St. 2 at 92-94.

⁸⁴⁷ CAUSE-PA St. 1-SR at 6.

addition to programming available through the statutorily required Low Income Usage Reduction Program (LIURP).⁸⁴⁸

58. It is unjust and unreasonable to use low income ratepayer funds to pay for an EE&C program that does not include dedicated and proportionate level of energy efficiency programming directed at low income customers and specifically designed to produce meaningful energy and bill savings.⁸⁴⁹

Economic Development Distribution Service Rate

59. The EDDS proposal is premature given the Commission’s active, ongoing proceeding to develop statewide policy guidelines and/or model tariff for large load customers.⁸⁵⁰

Eligible Customer List

60. The guidelines for Eligible Customer Lists only permit NGDCs to disclose the private customer data and information included on the ECL to licensed Natural Gas Suppliers (NGSs) operating in the NGDC’s service territory.⁸⁵¹

⁸⁴⁸ See 66 Pa. C.S. § 2806.1(b)(1)(i)(G) (“The plan shall include specific energy efficiency measures for households at or below 150% of the Federal poverty income guidelines. The number of measures shall be proportionate to the households’ share of the total energy usage in the service territory. The electric distribution company shall coordinate measures under this clause with other programs administered by the commission or another Federal or State agency. The expenditures of an electric distribution company under this clause shall be in addition to expenditures made under 52 Pa. Code Ch. 58 (relating to residential low income usage reduction programs).”).

⁸⁴⁹ CAUSE-PA St. 1 at 51.

⁸⁵⁰ CAUSE-PA St. 2 at 78.

⁸⁵¹ Guidelines for Eligible Customer Lists, Order, Docket No. M-2010-2183412 (order entered March 13, 2025).

APPENDIX B: PROPOSED FINDINGS OF FACT

Rate Impacts on Low Income Households

1. Columbia's current rates are already unaffordable for low income families.⁸⁵²
2. Columbia has 91,881 estimated low income customers and 70,114 confirmed low income customers.⁸⁵³
3. Only 20,988 Columbia customers were enrolled in Columbia's customer assistance program (CAP) as of December 2024.⁸⁵⁴
4. Since 2006, Columbia has filed twelve rate cases totaling approved rate increase of more than \$487 million.
5. Columbia's distribution rates have greatly outpaced the rate of inflation since 2006.⁸⁵⁵
6. Columbia currently has the highest rates of all Pennsylvania gas distribution companies (NGDCs).⁸⁵⁶
7. Low income families already struggle to make ends meet each month and are regularly forced to make untenable choices between affording utility services and other basic necessities – such as food, medicine, medical care, and housing.⁸⁵⁷

⁸⁵² CAUSE-PA St. 1 at 5-6.

⁸⁵³ CAUSE-PA St. 1 at 11.

⁸⁵⁴ CAUSE-PA St. 1 at 24-25.

⁸⁵⁵ CAUSE-PA St. 1 at 111; CAUSE-PA St. 2 at

⁸⁵⁶ CAUSE-PA St. 2 at 21

⁸⁵⁷ CAUSE-PA St. 1 at 12.

8. Any additional increase in the cost of necessities, including the rates for basic gas service, will result in increased unaffordability for low income households, leading to increased terminations and uncollectible expenses.⁸⁵⁸
9. Columbia's low income customers carry disproportionate levels of residential customer debt, and are far more likely to have their service terminated for nonpayment.⁸⁵⁹
 - a. In December 2024, Columbia's confirmed low income (non-CAP) customers carried 40% of residential customer debt, though they made up just 12% of the residential customer class.⁸⁶⁰
 - b. In 2024, confirmed low income (non-CAP) households were terminated at a rate of 11%, compared to 2% for non-low income residential households.⁸⁶¹
 - c. In 2024, confirmed low income (non-CAP) shopping customers were terminated at a rate of 25%.⁸⁶²
10. Confirmed low income households that are not participating in CAP are more than twice as likely to face involuntary termination than households enrolled in CAP, underscoring the need to improve CAP enrollment.⁸⁶³

⁸⁵⁸ CAUSE-PA St. 1 at 10.

⁸⁵⁹ CAUSE-PA St. 1 at 16.

⁸⁶⁰ CAUSE-PA St. 1 at 18, T. 5 & T.6.

⁸⁶¹ CAUSE-PA St. 1 at 17, T.4.

⁸⁶² CAUSE-PA St. 1 at 58, T.13.

⁸⁶³ CAUSE-PA St. 1 at 17.

11. If the Commission approves a rate increase in this case, without substantial mitigation through expanded programs and improved consumer protections, it will have a severe and detrimental impact on low income families across Columbia's service territory.⁸⁶⁴

Residential Customer Charge

12. In Columbia's 2020 rate case, the Commission rejected the Company's proposal to increase its residential customer charge 37.3% from \$16.75 to \$23.00.⁸⁶⁵

13. In the current proceeding, Columbia has proposed an even more drastic increase in its fixed customer charge by seeking to increase its residential customer charge 85%, from \$17.25 to \$31.97 per month.⁸⁶⁶

14. The increased customer charge accounts for approximately \$73.850 million of the total \$73.877 million (99.96%) annual increase that Columbia is seeking from its residential customers.⁸⁶⁷

15. Under Columbia's proposal, the total bill increase for the average residential customer using 70 therms of gas each month would be \$15.77 more per month, \$14.72 of which would be attributed to the customer charge, and just \$1.05 would be attributed to the volumetric charge.⁸⁶⁸

⁸⁶⁴ CAUSE-PA St. 1 at 12.

⁸⁶⁵ *Pa. PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket No R-2020-3018835, Opinion and Order at 264-265 (February 19, 2021).

⁸⁶⁶ CAUSE-PA St. 2 at 19-20.

⁸⁶⁷ CAUSE-PA St. 2 at 20.

⁸⁶⁸ CAUSE-PA St. 2 at 20.

16. Fixed customer charges should be set as low as possible and designed to recover no more than the direct costs to serve a customer.⁸⁶⁹
17. There is no direct customer cost basis to support Columbia's proposed increase to \$31.97.⁸⁷⁰
18. Columbia's proposed fixed customer charge is already significantly higher than all other NGDCs.⁸⁷¹
19. Every dollar that is locked in on the customer charge undermines the ability of low income households to mitigate the rate increase through conservation.⁸⁷²
20. Columbia's WNA and proposed RNA will impair the ability of Columbia's low income customers to afford their monthly bills and will undermine bill savings which may be achieved through adoption of energy efficiency and conservation measures.⁸⁷³

Alternative Ratemaking

21. Pennsylvania's annual heating degree days are anticipated to decrease by 13% by mid-century and 25% by end-of-century compared to the historical baseline.⁸⁷⁴
22. As weather warms, the WNA is far more likely to surcharge customers on net each year than it is to provide net credit.⁸⁷⁵

⁸⁶⁹ CAUSE-PA St. 2 at 30; I&E St. 3 at 46.

⁸⁷⁰ CAUSE-PA St. 2 at 31.

⁸⁷¹ CAUSE-PA St. 2 at 32.

⁸⁷² CAUSE-PA St. 2 at 33; OCA St. 4 at 14; OCA St. 5 at 89-91; WPTF St. 1 at 4-5; I&E St. 3 at 45-46.

⁸⁷³ See CAUSE-PA Statement No. 2 at 29-38

⁸⁷⁴ CAUSE-PA St. 2 at 51, n. 98.

⁸⁷⁵ CAUSE-PA St. 2 at 51, f.n. 98.

23. In total, since its inception in the 2013/2014 heating season, Columbia's WNA has resulted net additional charges to customers of approximately \$74.2 million that they would not have otherwise been charged based on usage.⁸⁷⁶
24. Since the 2019/2020 heating season, Columbia's WNA has resulted in net charges to customers of approximately \$78.9 million that they would not have otherwise been charged based on usage.⁸⁷⁷
25. The net charges to customers in the most recent six years of the WNA were more than 16 times larger than the net credits to customers in the first six years of the WNA.⁸⁷⁸
26. WNA has worked to the detriment of customers and the benefit of Columbia.⁸⁷⁹
27. The WNA is not necessary for Columbia to have a fair opportunity to recover its Commission approved revenue requirement and is not beneficial to customers.⁸⁸⁰
28. Columbia's WNA undermines energy efficiency and disproportionately burdens low income customers, raising deep concerns about fairness and equity.⁸⁸¹
29. Adding the WNA during the winter months exacerbates low income customers' already unaffordable energy burdens.⁸⁸²

⁸⁷⁶ CAUSE-PA St. 21 at 45-46; CAUSE-PA St. 2-SR at 13 (*see* fn. 39).

⁸⁷⁷ CAUSE-PA St. 2 at 46, T.11; CAUSE-PA St. 2-SR at 13, n. 39.

⁸⁷⁸ CAUSE-PA St. 2 at 46.

⁸⁷⁹ CAUSE-PA St. 2 at 45; I&E St. 3 at 13-15.

⁸⁸⁰ CAUSE-PA St. 2 at 47; OCA St. 1 at 15.

⁸⁸¹ CAUSE-PA St. 2 at 63.

⁸⁸² CAUSE-PA St. 2 at 53-54; OCA St. 5 at 93.

30. In combination with its extremely high proposed customer charge, Columbia's WNA and RNA would fully insulate Columbia from the traditional business risks associated with reductions in usage, while fully shifting that risk to consumers.⁸⁸³
31. There is no cap on the WNA or RNA that Columbia could surcharge any one customer.⁸⁸⁴
32. The WNA is an overly complex calculation that operates against how most customers perceive their utility bills to work.⁸⁸⁵
33. Columbia's WNA inequitably shifts weather related risks onto customers.⁸⁸⁶
34. The RNA assumes that Columbia is entitled to recover its revenue requirement regardless of the usage or throughput of its customers and irrespective of its operations.⁸⁸⁷
35. The RNA would reduce incentives for customers to engage in efficiency or consumption reduction measures because it would take back some or all those savings in the subsequent year.⁸⁸⁸
36. The RNA will lead to inequitable intraclass subsidies causing low income customers to subsidize more advantaged residential ratepayers who can afford to implement

⁸⁸³ CAUSE-PA St. 2 at 27-28; OCA St. 1 at 15.

⁸⁸⁴ CAUSE-PA St. 2 at 61.

⁸⁸⁵ CAUSE-PA St. 2 at 61.

⁸⁸⁶ 52 Pa. Code § 69.3302(a)(9).

⁸⁸⁷ CAUSE-PA St. 2 at 70; OCA St. 1, Ex. MWD-1 p. 1.

⁸⁸⁸ CAUSE-PA St. 2 at 73; OCA St. 1 Ex. MWD-1 p. 1; PSU St. 1 at 23.

energy efficiency measures and efficient appliances that low income customers cannot afford.⁸⁸⁹

37. There is no evidence that the RNA will reduce the frequency of rate cases.⁸⁹⁰

38. There is no cap on the amount of RNA revenue that Columbia could surcharge any one customer, which may result in extraordinary reconciliation charges.⁸⁹¹

39. The RNA is not transparent or understandable for consumers.⁸⁹²

Universal Service Issues

40. Columbia's next USECP is not due to be filed until 2030 – long after any approved increase in rates will take effect.⁸⁹³

41. Columbia's CAP is effective at reducing low income energy burdens and terminations but the vast majority of low income customers are not enrolled and will bear the full, unmitigated impact of any residential increase⁸⁹⁴

42. In 2024, 6,481 of Columbia's LIHEAP recipients were not enrolled in CAP, despite the fact they were known by the Company to be income-eligible for a lower rate through CAP based on their qualification for LIHEAP.⁸⁹⁵

43. On June 13, 2024, in anticipation of the DHS LIHEAP Data Sharing Program, the Commission issued an Order encouraging utilities to participate in the data sharing

⁸⁸⁹ OCA St. 5 at 101-104.

⁸⁹⁰ CPA St. 17 at 51:3-7.

⁸⁹¹ CAUSE-PA St. 2 at 76; OCA St. 1, Ex. MWD-1 p. 2.

⁸⁹² CAUSE-PA St. 2 at 76; OSBA St. 1 at 18; OCA St. 1, Ex. MWD-1 p. 2.

⁸⁹³ CPA St. 16-R at 7.

⁸⁹⁴ CAUSE-PA St. 1 at 23-24.

⁸⁹⁵ CAUSE-PA St. 1 at 25.

program for uses such as streamlined outreach and enrollment and/or auto-recertification.⁸⁹⁶

44. Adoption of an automated enrollment process through utilization LIHEAP data would help improve CAP enrollment rates and better mitigate the negative impact of Columbia's proposed rate increase on low income families.⁸⁹⁷

45. The budget and timeframe proposed by Columbia for its CAP Arrears Pilot are not sufficient to address the identified need or to provide sufficient time to adequately evaluate the pilot.⁸⁹⁸

46. There is a significant unmet need for LIURP services among Columbia's low income customers, which will only grow more pronounced if rates are increased in this proceeding.⁸⁹⁹

47. The declining trend in LIURP assistance underscores the need to improve Columbia's LIURP funding and its delivery to better address the need for usage reduction services.⁹⁰⁰

48. The LIURP budget established through Columbia's last USECP proceeding did not account for the substantial increase in rates proposed by Columbia in this case.⁹⁰¹

⁸⁹⁶ *2023 Review of All Jurisdictional Fixed Utilities' Universal Service Programs*, M-2023-3038944, Order at 5 (June 13, 2024).

⁸⁹⁷ CAUSE-PA St. 1 at 26.

⁸⁹⁸ CAUSE-PA St. 1 at 35.

⁸⁹⁹ CAUSE-PA St. 1 at 39.

⁹⁰⁰ CAUSE-PA St. 1 at 40.

⁹⁰¹ CAUSE-PA St. 1-SR at 16.

49. Columbia's slow implementation of its Health and Safety Pilot has resulted in the loss of hundreds of thousands of dollars approved by the Commission to support this critical pilot program and resulted in missed opportunities to provide needed energy savings to households with the greatest need.⁹⁰²

Energy Efficiency & Conservation Pilot

50. Columbia did not include any dedicated low income programming as part of its Phase II EE&C Plan.⁹⁰³

51. While Columbia's A&R and ERP budgets were each expanded in the previous rate case settlement to address Columbia's lack of low income programming within its Phase I EE&C, Columbia has not proposed to expand these programs through the Phase II EE&C.⁹⁰⁴

52. Columbia has consistently underspent the allocated budget for its A&R and ERP, undermining the settlement provisions designed to address Columbia's lack of dedicated low income programming within its Phase I EE&C program.⁹⁰⁵

53. While some low income customers participated in Columbia's Phase I EE&C, they did not participate on a proportionate scale.⁹⁰⁶

⁹⁰² CAUSE-PA St. 1 at 44.

⁹⁰³ CAUSE-PA St. 1 at 49.

⁹⁰⁴ CAUSE-PA St. 1 at 50-51, 54, 56, *citing* Joint Pet. for Settlement, Docket No. R-2022-3031211.

⁹⁰⁵ CAUSE-PA St. 1 at 53, T.9.

⁹⁰⁶ CAUSE-PA St. 1 at 47.

Competitive Market Issues

54. Columbia's residential and low income shopping customers are consistently charged commodity rates that, on average, substantially exceed the applicable default service price – adding hundreds of dollars to bills each year and exacerbating the negative consequences of high energy burdens on low income customers.⁹⁰⁷
55. Persistently higher average prices in the competitive market are creating a host of consequences for individual consumers and other ratepayers - including higher termination rates, collections costs, and universal service costs.⁹⁰⁸

Eligible Customer List

56. Columbia's tariff uses broad language that allows it to provide eligible customer list (ECL) data and information to any third party, without restraint.⁹⁰⁹
57. The purpose and scope of the ECL is to provide information about eligible customers to licensed suppliers for the purposes of supporting competition.⁹¹⁰
58. Columbia interprets its ECL tariff to permit the Company to share sensitive ECL data with any third party, regardless of whether they are licensed as an EGS.⁹¹¹

⁹⁰⁷ CAUSE-PA St. 1 at 58; CAUSE-PA Exhibits 1 & 2; *see also* OCA St. 6 at 20, OCA Exhibit BA-5.

⁹⁰⁸ CAUSE-PA St. 1 at 58.

⁹⁰⁹ CAUSE-PA St. 1-SR at 34; OCA St. 6-SR at 16-17.

⁹¹⁰ *See* Guidelines for Eligible Customer Lists, Order, Docket No. M-2010-2183412, at 13-14, 19 (order entered March 13, 2025).

⁹¹¹ Tr. at 406: 1-19.

APPENDIX C: PROPOSED ORDERING PARAGRAPHS

It is hereby ORDERED THAT:

1. Columbia Gas of Pennsylvania shall not place into effect the rates, rules, and regulations contained in its tariff, which have been found to be unjust, unreasonable and, therefore, unlawful.
2. Columbia Gas of Pennsylvania shall file tariffs, tariff supplement, or tariff revisions containing rates designed to produce an annual base rate decrease of \$36,316,933 or -3.96% over current rates of \$919,007,834
3. Columbia Gas of Pennsylvania shall file detailed calculations with its tariff filing, which demonstrate to the Commission's satisfaction that the filed rates comply with the proof of revenue, in the form and manner customarily filed in support of compliance tariffs.
4. Columbia's residential customer charge shall remain at \$17.25.
5. Columbia's proposed Revenue Normalization Adjustment Charge is denied.
6. Columbia's proposal to implement its pilot Weather Normalization Adjustment Charge as a permanent part of its tariff is denied. Columbia shall cease operation of its pilot WNA on the effective date of rates approved in this Order.
7. Columbia's proposal to add a Rate Economic Development Distribution Service Rate is denied, without prejudice.
8. Columbia shall file a Petition to amend its USECP to implement an auto-enrollment process within 120 days of the Commission's final order in this case. In developing this

Petition, Columbia is required to consult with the parties to this proceeding and members of its Universal Service Advisory Committee.

9. Columbia shall implement routine screening of all applicants and customers to determine eligibility for CAP and other universal service programs, including:
 - a. Screen all new and moving customers for income level at the time their service is established and ask whether they would like information about income qualified programs that may reduce their rate.
 - b. Screen existing customers for household income level on any non-emergency calls and inquire whether there have been any updates to household income information.
 - c. Develop a process for routine income screening through Columbia's online account portal.
10. Columbia shall utilize its USAC to identify other organizations with expertise and experience in this area who may be consulted in development of its Speech Analytics Pilot (SAP).
11. Columbia shall ensure SAP information is kept within Columbia's closed system, and not used to train external or third party AI systems.
12. Columbia shall not share or otherwise disclose the information collected by the SAP to any third parties other than contractors directly involved in the development of its programming.

13. Columbia shall take steps to ensure that any third party contractors are required to keep its customer information confidential, and shall prohibit disclosure to any other parties for any reason.
14. Columbia's CAP Arrears Pilot is approved to run through for the remainder of its current Universal Service and Energy Conservation Plan with an annual budget of \$244,200.
15. Columbia shall conduct targeted outreach to all potentially eligible customers informing them about the launch of the CAP Arrears Pilot and instructions about how to apply to reenroll in CAP and take advantage of the program.
16. Columbia shall reevaluate CAP bills monthly to ensure customers receive the most affordable rate and shall amend its USECP to reflect this monthly review.
17. Columbia shall increase its budget for LIURP by a percentage equal to any approved increase in residential rates from this proceeding
18. Starting with the 2025 program year, Columbia shall set its Health and Safety budget separate from and in addition to its standard LIURP budget and shall roll forward unspent Health and Safety Pilot funds and add those funds to the budget for the following program year.
19. Columbia's proposed Phase II EE&C Plan is denied, without prejudice. If Columbia seeks approval of a revised Phase II EE&C Plan, it must include dedicated, full cost, and proportionate low income programming.
20. Columbia shall roll over any unspent A&R budget at the end of each program year and add those unspent funds to the budget for the following year.

21. Columbia shall rollover any unspent ERP budget at the end of each program year and add those unspent funds to the budget for the following year.
22. Columbia shall develop a targeted letter for low income shopping customers that are enrolled with a supplier at a rate which exceeds the applicable default service price. The letter shall inform these customers of the availability of CAP and other universal service programs, including the benefits of each program and how to enroll. Columbia shall send this letter at least once every 6 months.
23. Columbia shall initiate a collaborative with the parties to this proceeding to review the call scripting related to the referral of low-income customers to available assistance programs.
24. Columbia shall revise its tariff language at 4.5.4 to strike reference to third parties and restrict release of the Eligible Customer List (ECL) to Natural Gas Suppliers (NGS) that are licensed by the Commission to operate within Columbia's service territory.