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File #: 203798

October 14, 2025

VIA ELECTRONIC FILING

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

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

Dear Secretary Homsher:

Attached for filing please find the Exceptions to the Recommended Decision on behalf of Columbia Gas of Pennsylvania, Inc., in the above-referenced proceeding.

Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Michael W. Hassell

Michael W. Hassell

MWH/sa
Attachment

cc: The Honorable Chad Allensworth (*via email; w/attachment*)
The Honorable Jeffrey A. Watson (*via email; w/attachment*)
Office of Special Assistants *(via email; w/attachment)*
Certificate of Service

CERTIFICATE OF SERVICE

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

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Dated: October 14, 2025

Michael W. Hassell
Michael W. Hassell

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2025-3053499
Office of Small Business Advocate	:	C-2025-3054550
Office of Consumer Advocate	:	C-2025-3054484
The Pennsylvania University	:	C-2025-3054780
Terri Walker	:	C-2025-3054662
Linda Slick	:	C-2025-3054552
Linda Allison	:	C-2025-3054434
Alexandra Garlitz	:	C-2025-3055233
Daniel and Stacy Chronister	:	C-2025-3056194
	:	
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc	:	

EXCEPTIONS OF COLUMBIA GAS OF PENNSYLVANIA, INC. TO RECOMMENDED DECISION

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I. INTRODUCTION

Columbia Gas of Pennsylvania, Inc. ("Columbia" or the "Company") hereby files these Exceptions to the Recommended Decision ("RD") issued by Administrative Law Judges Jeffrey A. Watson and Chad Allensworth (the "ALJs").

The RD recommends, *sua sponte*, that the Pennsylvania Public Utility Commission ("Commission") summarily deny any increase in base rates, without considering Columbia's extensive evidence justifying an increase. In doing so, the RD disregards Columbia's constitutional rights to an opportunity to earn a fair return and ignores statutory requirements, Commission regulations, and over 100 years of established practice by rejecting the traditional revenue requirement formula, without notice to Columbia and an opportunity to submit evidence and argument. This recommendation is contrary to the Commission's decision in *Pa. PUC et al. v. Columbia Gas of Pa.* ("*Columbia 2021*"),[1] wherein the Commission held that it was improper to disregard the traditional ratemaking formula in the context of the COVID-19 pandemic.

The RD's and other parties' references to the Company's rate increases since 2006 only consider the costs to customers and fail to reflect the value of service that Columbia is providing. Columbia was the first utility in Pennsylvania to accelerate its pipe replacements, beginning in 2007. The Commission and the Legislature have encouraged utilities to accelerate the replacement of their systems in order to provide safe and reliable service to customers. Since 2007, Columbia has invested several billion dollars in its system to replace over 7.8 million feet of bare steel, cast iron, wrought iron, pre-1971 coated steel and pre-1982 pipe, along with many thousands of bare steel Company-owned and customer-owned services, meters, valves and other critical infrastructure. In addition, the Company will spend over $650 million in the Future Test Year

[1] Docket Nos. R-2020-3018835, *et al.* (Order entered Feb. 19, 2021).

("FTY") and Fully Projected Future Test Year ("FPFTY") toward accelerated replacement of plant under its Long-Term Infrastructure Improvement Plan ("LTIIP"). Columbia St. No. 7, p. 4. Columbia's LTIIP was approved by Commission Order entered April 20, 2023, at Docket No. P-2022-3037388. The LTIIP set forth projected spending by year, and thus the magnitude of investments has been known in advance by the Commission. This investment has and will continue to provide substantial benefits to customers. Further, in 2008, the Company found 5,308 Grade 2 leaks on its system. That number dropped to 1,592 in 2024. *Id.*, p. 4. The substantial reduction to Grade 2 leaks clearly demonstrates that the Company's efforts to improve the safety and reliability of its system are working exceptionally well. This type of improvement cannot be achieved without continued investment. The benefits to customers of this level of leak reductions, just in terms of safety and methane emissions, cannot be overstated. Moreover, Columbia is continuing to invest ratepayer dollars directly back into the distribution system. Over the past 10 years Columbia has not paid any dividends to its parent company, NiSource Inc. Columbia St. No. 1-R, p. 17. All of this has been achieved with a net increase to the total customer bill of 2% when adjusted for inflation over 20 years. Rates paid by customers are being used to meet the Company's obligations under its LTIIP and to provide safe and reliable service to customers.

It is important to emphasize that no party submitted evidence or argument that the Commission should disregard the application of the traditional ratemaking formula. Although OCA proposed that Columbia should receive a rate decrease, and CAUSE-PA supported OCA's position, neither party defended such position on the basis that the traditional ratemaking formula should be abandoned. As a result, Columbia has been deprived of a reasonable opportunity to present evidence and substantial argument on why it would be improper to disregard the traditional ratemaking formula in this proceeding. In its first Exception, Columbia will explain legal

precedent and facts of record to demonstrate why it is improper to deny Columbia rate relief.

As an alternative, the RD recommends that Columbia be granted a $66.4 million increase, based upon application of the traditional ratemaking formula. RD, p. 2. Thus, the RD recognizes that Columbia is in need of substantial rate relief. This alternative recommendation is not unreasonable in the context of the rate concerns expressed in the RD, if, as explained below, a double counting error is corrected. As such, Columbia is voluntarily not taking Exception to a number of recommendations, in particular the recommended return on common equity, the recommendation to not grant a management efficiency adder to that return, recommendations regarding incentive compensation to be paid by Columbia's affiliated service company, the recommendation to defer the question of recovery of the loss on the sale of Columbia's Blackhawk Storage Facility to Columbia's next base rate proceeding,[2] various other expense adjustments, Columbia's proposed Revenue Normalization Adjustment ("RNA") mechanism, and various customer service recommendations.

Columbia notes that the RD contains a clear error by double-counting $7,669,077 of expense disallowance from NiSource Corporate Services Company ("NCSC"). When this error is corrected, the RD's recommended revenue increase is approximately $74.2 million.

Columbia is being a responsible steward of ratepayer dollars and is prudently replacing its system for ratepayers' benefit. The RD's and other parties' singular focus on the amount of rate increases does not consider the value of the Company's efforts to invest in the safety and reliability of its system under its Commission-approved LTIIP.

II. EXCEPTIONS

A. EXCEPTION NO. 1 – THE RD ERRS IN CONCLUDING THAT COLUMBIA'S PROPOSED RATE INCREASE SHOULD BE DENIED

[2] Columbia asks that the Commission confirm that delay of consideration of the treatment of the Blackhawk loss may not be used as a basis to disallow recovery in the next Columbia base rate proceeding.

WITHOUT APPLYING THE RATEMAKING FORMULA (RD, PP. 115-18; ORDERING PARAGRAPH ("OP") NO. 1)

The RD offers as a primary recommendation that the Commission should deny Columbia's proposed rate increase on the basis "that it must balance the interests of the utility, the ratepayers, the investors, and the public interest," without applying the traditional ratemaking formula. RD, p. 117. The RD asserts that affordability and quality of service are critically important concerns in setting rates. *Id.*, pp.115-16. The RD's recommendation to disregard the traditional ratemaking formula is unconstitutional and contrary to the record.

In 2020, during the COVID-19 pandemic, Columbia filed for rate relief. Several parties to that proceeding proposed that the Commission deny the requested increase. Those parties asserted that the pandemic had so altered the social and economic landscape that any increase would produce unjust and unreasonable rates. These parties further argued that the Commission's ratemaking discretion was broad enough to deny any rate increase during an unprecedented pandemic.[3] The RD in *Columbia 2021* recommended that the Commission exercise such extraordinary rate authority and deny any rate relief without consideration of the results of a traditional ratemaking analysis. On review, the Commission rejected this recommendation, holding:

> Therefore, based on the foregoing discussion, we shall decline to adopt the ALJ's recommendation to completely deny Columbia's requested rate relief for the following two reasons: (1) the continued use of traditional ratemaking methodologies during this pandemic is consistent with the setting of just and reasonable rates and the constitutional standards established in *Bluefield* and *Hope Natural Gas*, and the pandemic does not change the continued application of these standards; and (2) there is a lack of substantial evidence in this record to support the ALJ's recommendation to completely deny the Company's requested rate increase due to the pandemic.[4]

[3] *Columbia 2021*, p. 14.
[4] *Id.* at 54.

In so ruling, the Commission recognized the constitutional standards established by the United States Supreme Court in the seminal cases of *Bluefield Water Works and Improvement Co. v. Public Service Comm'n of West Virginia*, 262 U.S. 679, 692-93 (1923) ("*Bluefield"*) and *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944) ("*Hope Natural Gas"*). These cases recognized that a public utility is entitled to such rates as would permit it to earn a return equal to that generally made on investments in other business undertakings involving similar risks. That return should be sufficient to assure confidence in the financial integrity of the utility, in order that it may maintain its credit and attract capital.

No reasonable person could contend that the current social and financial circumstances compare to the situation in 2020. There is no evidence of widespread inability to pay among Columbia's customers, or widespread unemployment in Columbia's service territory, unlike during the early days of the pandemic.[5] Columbia's most recent three-year average uncollectible write-off rate is 1.346%. Columbia Ex. 104, Sch. 2, p. 17. The total bill inclusive of gas costs paid by customers, on an inflation-adjusted basis, is substantially the same as 20 years ago. Columbia St. No. 1, p. 5. Further, while there are unquestionably low-income customers served by Columbia who have difficulty paying their bills, the RD fails to consider that Columbia offers a broad array of programs designed to assist payment-troubled customers. Assistance programs offered by Columbia include, but are not limited to the Customer Assistance Program ("CAP"), Low Income Usage Reduction Program ("LIURP"), Emergency Repair Program ("ERP"), Hardship Funds, and Customer Assistance Referral and Evaluation Services ("CARES"). Columbia also has proposed several voluntary pilot assistance programs in this proceeding.[6]

[5] *Columbia 2021* at 22. Also, the limited attendance at Columbia's four public input hearings indicates there is not a groundswell of public opposition to any rate increase.
[6] Details on these programs may be found in Columbia St. Nos. 9 and 16.

Columbia acknowledges that it has sought multiple rate increases since 2008, and its rates are higher than peer gas utilities in Pennsylvania. However, this is substantially due to the fact that Columbia, with the Commission's encouragement, has aggressively been replacing the large number of aging pipes in its system. Columbia began its efforts in 2007, well before the adoption of LTIIPs and Distribution System Improvement Charges. Since 2007, Columbia has removed over 1,490 miles of at-risk pipe. Columbia St. No. 7, p. 10. Columbia's budget to replace facilities provides for approximately $312.7 million to be invested in 2025 and $343.7 million to be invested in 2026 for plant replacement, amounts which are consistent with the Company's LTIIP obligations. *Id.*, p. 4. The RD would deny any return on that FPFTY plant. At the same time, Columbia has worked to control both its capital costs and its operations and maintenance ("O&M") costs. *Id.*, p. 19. For example, in this proceeding Columbia's FPFTY O&M expenses are projected to be over $3 million less than its normalized historic test year ("HTY") expenses. Columbia Ex. 104, pp. 3-4.

The RD asserts that there is no evidence to indicate that Columbia would be unable to earn sufficient revenues to comply with its obligations to provide reliable, safe and adequate service without rate relief. RD, p. 113. In *sua sponte* rejecting the use of a traditional ratemaking formula, the RD deprived Columbia of the opportunity to develop evidence of the effect the recommendation would have on Columbia's obligations to provide reliable, safe and adequate service, and the impact upon Columbia's constitutional rights to a fair return. For example, in *Columbia 2021*, where other parties presented proposals to disregard the traditional ratemaking formula, Columbia was able to present expert testimony regarding how such a decision would be unconstitutionally confiscatory, and would produce arbitrary results incapable of reasoned appellate review. The Commission has recently rejected the disposition of a case based upon an

issue that was raised *sua sponte* by an ALJ.[7] The Commission concluded that the ALJ erred in introducing a theory not raised by any party and recommending the disposition of a non-jurisdictional issue without the opportunity for parties to brief or argue the issue.[8]

Further, the ALJs' alternative recommendation of a $66.4 million increase (and as corrected $72.4 million) is itself evidence that Columbia would not be provided with a reasonable opportunity to earn a fair return under the *Bluefield* and *Hope Natural Gas* constitutional standards if it is denied rate relief. As can be seen from Table I to the RD, Columbia's overall rate of return at present rates would be 6.85% after the RD's recommended adjustments. That would produce an 8.22% return on equity ("ROE"), using the RD's recommended capital structure and debt cost rates.[9] That return is over 225 basis points below what the alternative analysis concluded would be a fair return on common equity.

A Commission decision rejecting any rate increase, despite the clear evidence of a need for rate relief, would send shock waves through the financial community. The testimony of Columbia's expert witness, Mr. Rea, offered in the context of OCA's recommended ROE, is equally relevant to the RD's primary recommendation:

> It is important to recognize that equity investors derive their return expectations for individual utility stocks on the basis of authorized ROEs of similarly situated utilities in the same regulatory jurisdiction and also nationwide. Accordingly, if Mr. Garrett's cost of equity recommendations were adopted, this would send a clear message to the investment community that the Commission was departing from its historical practice of facilitating a constructive regulatory environment from the perspective of capital providers. This in turn would create a strong disincentive for investors to commit new investment capital to regulated utility companies in Pennsylvania, since significantly higher returns could be found in other utility stocks bearing similar risk profiles in other jurisdictions.

[7] *See Application of Aqua Pennsylvania Wastewater, Inc.*, 2025 PA. PUC LEXIS 205, at * 61-65 (Order entered June 18, 2025).
[8] *Id.* at *60.
[9] 6.85% - 2.376% weighted debt cost = 4.474% / 54.40% capital structure ratio = 8.22% ROE.

> Under such circumstances, Pennsylvania's utilities would find it increasingly difficult to compete for investor capital with these other utilities. This could then jeopardize the utility's ability to make critical infrastructure investments required for safety and reliability purposes, or to do so without a significant impact on its costs, which are ultimately borne by ratepayers.[10]

For the reasons explained above, the RD's rejection of any rate increase, in direct contradiction to the results of a revenue requirement analysis, would deprive Columbia of its constitutional rights, is contrary to the law and the evidence of record, and must be rejected.

B. EXCEPTION NO. 2 - THE RD UNLAWFULLY RECOMMENDS THAT THE EFFECTIVE DATE OF RATES BE DELAYED AFTER THE END OF THE STATUTORY SUSPENSION PERIOD (OP NOS. 3, 4)

In Ordering Paragraph Nos. 3 and 4, the RD recommends that new rates become effective for service rendered on and after January 1, 2026. The RD provides no discussion of the reasons for this rate effective date.[11] The RD's recommendation is contrary to law and established Commonwealth Court precedent and would be reversible error if adopted.

On March 20, 2025, Columbia filed Supplement No. 392. Pursuant to Section 1308(d) of the Public Utility Code,[12] and by Order dated April 24, 2025, in this proceeding, Supplement No. 392 is suspended until December 19, 2025. Section 1308 sets strict rules for the effective date of base rate increases. Proposed rates are suspended for a period of 60 days, followed by a period not to exceed seven months. In accordance with the foregoing, the effective date of new rates shall be no later than December 19, 2025 (60 days from March 20 to May 19, and 7 months from May 19 to December 19).[13]

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[10] Columbia St. No. 8-R, pp. 10-11.

[11] The RD indicates, at page 363, that the issue of the effective date of rates would be addressed later in the Miscellaneous Issues section of the RD, but no such explanation was provided.

[12] 66 Pa. C.S. § 1308(d).

[13] The RD, citing I&E's testimony and MB, states that Columbia indicated the effective date of its new rates would be December 18, 2025. RD, p. 363. However, the Commission's Suspension Order, and Columbia's Suspension Supplement filed in compliance therewith, establishes December 19, 2025, as the end of the statutory suspension period.

The Courts have concluded that the Commission does not have the authority to delay the effective date of rates beyond the end of the statutory suspension period established by Section 1308(d) of the Public Utility Code.[14] In *Bell Telephone Co. v. Pa. PUC* ("*Bell*"),[15] the Commission delayed the effective date of new rates beyond the end of the statutory suspension period until after compliance tariffs were approved. The Commonwealth Court rejected this delay, concluding that the requested general rate increase may be suspended for no more than seven months after the sixty-day initial period for Commission review.[16] The Commonwealth Court subsequently reaffirmed its conclusion that the Commission could not delay the effective date of rates beyond the end of the statutory suspension period.[17]

For the reasons explained above and in further detail at Columbia's MB, pp. 234-37, the effective date of new rates in this proceeding is December 19, 2025, in accordance with law. The RD's recommendation to delay that effective date is contrary to law and must be rejected.

C. EXCEPTION NO. 3 – THE RD IMPROPERLY DISALLOWS 70% OF COLUMBIA'S CASH-BASED INCENTIVE COMPENSATION (RD, P. 204; FINDING OF FACT ("FOF") NO. 49)

The RD recommends that 70%, or $1,798,165, of cash-based Short-Term Incentive ("STI") compensation expense to be paid to Columbia employees be disallowed. RD, pp. 204-05. The RD asserts that the 70% of incentive compensation expense that OCA recommended disallowing is not "necessary to provide adequate service to ratepayers." RD, p. 204. This position disregards long-established precedent.

The Commission has reviewed and approved incentive compensation programs in

[14] 66 Pa. C.S. § 1308(d).
[15] 452 A. 2d 86 (Pa. Cmwlth 1982), *aff'd*, 482 A.2d 1272 (Pa 1983).
[16] *Id.* The Supreme Court of Pennsylvania affirmed the Commonwealth Court's decision, per curium.
[17] *National Fuel Gas Distribution Corp. v. Pa. PUC*, 464 A.2d 546 (Pa. Cmwlth 1983).

numerous prior rate cases.[18] In these cases, and others, the Commission has established a bright line test for incentive compensation expense. If the incentive compensation programs of the utility are reasonable, prudently incurred, not excessive in amount, and provide a benefit to ratepayers, then they may be recovered in their entirety.[19] In this proceeding, no party has questioned the amount to be paid, whether the incentive compensation program as a whole provides a benefit to customers, whether the programs are reasonable, or whether they are prudently incurred. Indeed, OCA's allowance of 30% of the incentive compensation amount effectively concedes these points. Instead, the sole basis for the disallowance is that one part of the criteria for granting the incentive compensation is financial performance. OCA St. No. 2, pp. 19-21.

In various cases, the Commission has rejected proposals to disallow incentive compensation that included, in part, a financial metric. *See Pa. PUC v. UGI Utilities, Inc.–Electric Division*, Docket No. R-2017-2640058 (Order entered Oct. 25, 2018), pp. 73-74; *Pa. PUC v. Aqua Pa. Inc.*, Docket No. R-2021-3027385 (Order entered May 16, 2022), pp. 98-101.

For the reasons explained above, and in further detail in Columbia's MB, pp. 47-50, and RB, pp. 24-26, the RD's recommendation to disallow a portion of cash-based incentive compensation, and associated payroll taxes, should be rejected.[20]

D. EXCEPTION NO. 4 – THE RD IMPROPERLY DISALLOWS 70% OF COLUMBIA'S STOCK-BASED INCENTIVE COMPENSATION (RD, PP. 206-07; FOF NO. 51)

[18] *See e.g., Pa. PUC v. PPL Electric Utilities Corp.*, Docket No. R-2012-2290597, (Order entered Dec. 28, 2012), p. 26 ("*PPL Electric 2012*"); *Pa. PUC v. Aqua Pa. Inc.*, Docket No. R-00072711, 2008 Pa. PUC LEXIS 50, at *20-26 (Opinion and Order entered July 17, 2008); *Pa. PUC v. Duquesne Light Co.*, 63 Pa. P.U.C. 337, 1987 Pa. PUC LEXIS 342 (Order dated March 10, 1987); *Pa. PUC v. PPL Gas Utilities Corporation*, Docket No. R-00061398, 2007 Pa. PUC LEXIS 2 (Order entered Feb. 8, 2007); *Pa. PUC v. Philadelphia Gas Works*, Docket No. R-2008-2073938, 2008 Pa. PUC LEXIS 32 (Order dated Dec. 19, 2008).

[19] *See, e.g., PPL Electric 2012*, p. 26 (citing *Butler Township Water Co. v. Pa. PUC*, 473 A.2d 219, 221, 222 (Pa. Cmwlth. 1984).

[20] Columbia has elected to not except to the disallowance of 70% of NCSC cash incentive compensation. However, the same analysis is applicable.

Columbia excepts to the RD's adoption of OCA's proposal to disallow 70%, or $528,112, of Long-Term Incentive ("LTI") stock rewards to be paid to Columbia employees. The RD accepts the same arguments proffered by OCA with respect to STI cash rewards to disallow most of the claim for stock rewards. RD, p. 207. As is the case with respect to STI cash rewards, the recommended disallowance of LTI stock rewards is contrary to the standards for recovery established by the Commission.

Columbia demonstrated, and OCA conceded, that part of the criteria for LTI include important customer value goals, such as operational excellence, safety, employee engagement, and environmental measures. Columbia St. No. 20-R, pp. 5-6; Columbia Ex. WH-3R, p. 5. Importantly, the environmental goal is to reduce fugitive and vented methane gas emissions by 46% or greater compared to 2005 levels. The Company further explained that providing LTI awards is an important component to retaining and attracting talented individuals, which is critical to maintaining high quality of service, efficiency, and safety. Columbia St. No. 20-R, p. 7. Thus, the provision of stock rewards benefits customers, as well as shareholders.

The Commission has recently confirmed that its standard for allowing full recovery of incentive compensation expenses, explained in the prior section of these Exceptions, is equally applicable to incentive compensation in the form of stock awards. In both *UGI Electric* and *Aqua 2022,* the challenged incentive compensation expense was stock awards, and included financial incentive criteria for the award. As the Commission observed in *Aqua 2022*:

> The OCA averred that Aqua's stock-based compensation program provides Aqua and Essential Utilities executives with compensation based on the performance of the Company's or parent company's stock price. According to the OCA, absent a clear tie to ratepayer benefit or operational effectiveness, it is unreasonable to burden ratepayers with the costs of the stock compensation program.
>
> ***
>
> We find that Aqua has provided evidence linking the stock-based

> incentive compensation program with benefits to customers and improved operational efficiency. Aqua's witness Mr. Packer explained that with the implementation of the Incentive Compensation Plan in 1990, a portion of an employee's total cash compensation was placed "at risk" pending the achievement of key performance objectives. The employee's progress toward these performance objectives was used to determine the employee's resulting percentage of a target bonus.[21]

For reasons summarized above and explained further in Columbia's MB, pp. 50-52, and RB, pp. 26-28, the Commission should reject the RD's recommended disallowance.[22]

E. EXCEPTION NO. 5 – THE RD INCORRECTLY DUPLICATES THREE NCSC DISALLOWANCES BY ADOPTING A SEPARATE $7,669,077 NCSC DISALLOWANCE (RD, PP. 209-10; FOF NOS. 71-79)

The RD adopts an additional adjustment of $7,669,077 in NCSC costs, which it identifies as "including long-term incentive compensation and stock awards, Supplemental Executive Retirement Plan (SERP) costs, discretionary bonuses, and capital incentive costs." RD. p. 209.

This recommended additional disallowance is duplicative of the NCSC STI, NCSC LTI and NCSC supplemental executive retirement plan costs ("SERP") that the RD recommends be disallowed. RD, pp. 205, 208, 230. ($3,520,746 + $4,012,229 + $136,102 = $7,669.077). This is clearly confirmed by a review of OCA's MB, pp. 110-14. The duplication is also evident from a review of Table II of the RD, Lines 9, 11 and 16, as compared to Line 12.

The Commission should not adopt the duplicative NCSC adjustment of $7,669,077. When corrected, the RD recommended increase is approximately $74.2 million.

F. EXCEPTION NO. 6 – THE RD INCORRECTLY DISALLOWS CHAMBERS OF COMMERCE AND ENERGY ASSOCIATION OF PENNSYLVANIA MEMBERSHIP DUES (RD, PP. 226-27; FOF NOS. 62-63)

The RD recommends that Columbia not be allowed to include $258,217 in Company

[21] *Aqua 2022* at 98-101 (internal citations omitted).
[22] Columbia has elected to not challenge the disallowance of NCSC LTI. However, the same analysis would apply.

memberships for chambers of commerce dues and Energy Association of Pennsylvania ("EAP") dues, based on the assertion Columbia did not submit credible evidence that Chamber dues and EAP dues provide a "direct benefit to ratepayers." RD, p. 227. The RD further asserts these memberships relate to civic causes or lobbying. RD, p. 35. The RD disregards clear record evidence of the benefits of memberships in chambers of commerce and EAP.

First, contrary to the reference to Section 1316.1 of the Public Utility Code, chambers of commerce and the EAP are not "fraternal, social or sports clubs or organizations." These are business and industry organizations.

With respect to chambers of commerce dues, membership in chambers provides benefits to customers by enabling Columbia to make strategic connections with other business members and the communities at-large in which it serves. By being a member of local chambers, Columbia engages with communities and customers concerning local economic development and improvements, which benefit customers by supporting a larger customer base and developing jobs. Chambers also provide Columbia with opportunities to identify and recruit its future utility workers, which is critical to providing safe and adequate service to customers. Columbia St. No. 4-R, p. 21. Although the RD asserts these memberships relate to civic causes or lobbying, this was speculation from OCA's witness in surrebuttal testimony that is not supported by the record.

The Commission has previously recognized the benefits to utility membership in chambers of commerce. In *Pennsylvania Pub. Util. Comm'n, et al. v. Pennsylvania-American Water Company* ("*PAWC 1995*"),[23] the Commission approved the recovery of chamber dues, holding that "these memberships can be viewed as part of a utility's economic development efforts. The memberships also provide essential sources of information about trends in growth and industrial

[23] Docket Nos. R-00943231 *et al.*, 1995 Pa. PUC LEXIS 170, at *44 (Order dated July 24, 1995).

and business activity which have an impact on current and future water demands."[24]

Membership in EAP also benefits customers. EAP membership provides opportunities for Columbia to participate in peer networking, roundtables, and committees where utilities can share best practices, troubleshoot challenges, and collaborate on innovations. Associations also provide tools for benchmarking, safety tracking and security. Industry associations aid utilities' emergency response coordination and mutual aid programs during natural disasters or major outages. Columbia St. No. 4-R, p. 20. The EAP also provides the Commission with insights on important issues.

For the foregoing reasons, and as more fully explained in Columbia's MB, pp. 60-62, and RB, pp. 32-35, the RD's recommendation to disallow chambers of commerce and EAP dues should not be adopted.

G. EXCEPTION NO. 7 – THE RD ERRS IN DENYING RECOVERY OF ENERGY ASSISTANCE TEAM COSTS (RD, PP. 232-34, 236-37)

Columbia proposed to shift recovery of the costs of its current Energy Assistance Team ("EAT") from base rates to its Rider USP – Universal Service Program. Because EAT costs are currently recovered through base rates, Columbia retained the EAT costs as part of its base rate presentation and proposed that, if EAT costs are recovered through Rider USP, then its base rate revenue requirement should be reduced accordingly. Columbia St. No. 4, pp. 44-45. The RD recommends that the Commission reject shifting EAT cost recovery from base rates to Rider USP and further recommends adoption of OCA's proposal to disallow recovery of $220,000 from the Rider USP balance associated with EAT costs. RD, pp. 234, 236-37.

Columbia has decided to not file an Exception to the recommendation that EAT costs remain in base rates. However, the RD errs by further removing $220,000 in EAT costs from base

[24] *Id.* at *45. *See also Pa. PUC, et al. v. The Columbia Water Company*, Docket Nos. R-2008-2045157, *et al.*, 2009 Pa. PUC LEXIS 1423, at *59-60 (Order entered June 10, 2009).

rates. RD, pp. 236-37; Table II, line 18. In its claim in this case, Columbia only included EAT costs as a base rate cost, and not as a Rider USP cost. OCA's challenge to recovery of EAT costs was limited to the recovery of the expense through Rider USP. This is confirmed by the testimony of OCA Witness Colton, who stated:

> . . . for all the reasons explained in my Direct Testimony, as well as for the reasons I discuss in response to witness Paloney's rebuttal testimony, the proposal by Columbia Gas to transfer the recovery of internal administration costs from base rates to the USP Rider should be denied.[25]

For the foregoing reasons, and as more fully explained in Columbia's MB, pp. 66-69, and RB, pp. 37-38, the $220,000 adjustment reflected in the RD should not be adopted.

H. EXCEPTION NO. 8 – THE RD FAILS TO ACKNOWLEDGE THAT COLUMBIA ACCEPTED I&E'S INTEREST ON CUSTOMER DEPOSITS ADJUSTMENT IN ITS FINAL CLAIM (RD, PP. 240-41)

The RD states that Columbia claimed $373,107 in interest on customer deposits, and recommended adoption of a $46,638 adjustment proposed by I&E to reflect the current legal rate of interest on customer deposits. RD, p. 241. The RD inadvertently fails to recognize in its discussion that Columbia accepted I&E's $46,638 adjustment in its final claim in the case.[26] Therefore, no further adjustment for interest on customer deposits is necessary.

I. EXCEPTION NO. 9 – THE COMMISSION SHOULD ESTABLISH AN ROE CONSISTENT WITH I&E'S RECOMMENDED 10.51% (RD, PP. 350-51)

The RD recommends that the Commission accept I&E's proposal to calculate ROE pursuant to the Discounted Cash Flow ("DCF") methodology, using I&E's barometer group, resulting in an ROE of 10.51% and applies this cost rate in the Company's capital structure, which also was used by I&E. RD, p. 338.

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[25] OCA St. No. 5SR, pp. 25-26 (emphasis added).

[26] Columbia's final claim is the starting point for the ALJs' rate tables. Columbia RB, p. 38; Columbia Ex. JV-1R, p. 6, line 28.

Columbia presented evidence supporting an ROE of 11.35%, inclusive of a management performance adder of 25 basis points. Columbia MB, pp. 87-119. Although Columbia believes the record supports recognition of management performance,[27] Columbia has decided to withdraw its request for a management performance adder at this time, in recognition of the recommended ROE presented in the RD. Columbia also does not except to calculating the ROE in this case relying principally upon the DCF methodology, recognizing that in this case I&E's primary CAPM result also produced a result of 10.51%. Columbia continues to support the use of multiple methods to account for infirmities inherent in all methods used to calculate returns on common equity.

Columbia also is not excepting to the recommendation to adopt I&E's barometer group, because the resulting DCF returns on common equity are not dramatically different based upon the choice between Columbia's and I&E's barometer group.[28]

The DCF dividend yields of Columbia and I&E are consistent. Columbia's dividend yield is 3.70% for its Gas Proxy Group. I&E's dividend yield is 3.63%. Columbia MB, p. 94. The record supports a dividend yield between 3.63% to 3.70%, and Columbia does not oppose a dividend yield of 3.63% in this proceeding.

Columbia's expert witness Rea recommended an unadjusted DCF growth rate of 6.6% for his Gas Proxy Group, based upon the mathematical average from four separate forecasts. Columbia RB, pp. 51-52.[29] I&E recommended a DCF growth rate of 6.87%, also relying upon forecasts of earnings per share growth from multiple sources. I&E St. No. 2, p. 40. Columbia does not oppose a growth rate of 6.87% in this proceeding. Columbia notes that the RD, referencing I&E's

[27] *See, e.g.*, Columbia MB, pp. 93-97; Columbia RB, pp 57-60.
[28] Columbia disagrees with the exclusion of one company from I&E's barometer group, Southwest Gas Holdings, and the addition of two companies, New Jersey Resources and Chesapeake Utilities Corp. Columbia MB, pp. 90-91.
[29] The DCF is an expectational model. Thus, it is appropriate to rely primarily upon projected growth rates. Columbia St. No. 8, p. 25; Columbia MB, p. 90.

arguments, asserts that Columbia "subjectively chose" a DCF growth rate of 7.5%. Columbia excepts to that characterization. As summarized above and as explained in Columbia's MB and RB, Columbia did not propose a DCF growth rate of 7.5%.

The Commission should authorize a fair rate of return on common equity that is no less than the rate of return of 10.51% recommended by I&E.

J. EXCEPTION NO. 10 – THE RD DOES NOT RECOMMEND A SPECIFIC REVENUE ALLOCATION PROPOSAL (RD, PP. 394-396)

The RD recommends adoption of the Company's allocated cost of service study ("COSS") without mains. RD, p. 394. However, the RD does not clearly recommend the adoption of any parties' revenue allocation proposal. The RD discusses the revenue allocation proposals of the Company, OCA, and OSBA and states on page 402 that the Company's revenue allocation proposal is unreasonable because it is based on the results of its COSS, which includes a customer charge with mains costs. RD, p. 402.

There are multiple flaws in the RD with respect to revenue allocation. First, as stated above, the RD does not recommend any specific revenue allocation proposal. The Company will not be able to design rates without a decision on this issue.

Second, the RD's suggestion that the Company's revenue allocation proposal is based on a proposed customer charge with mains costs reflects a misunderstanding of revenue allocation and rate design. The customer charge study with mains costs relates to rate design – not revenue allocation. The Company's revenue allocation proposal is unrelated to its customer charge studies.

Third, the Company's revenue allocation proposal, which is supported by I&E, is the same basic revenue allocation proposal offered by OCA and OSBA, except that the Company and I&E proposed to limit increases for classes that are currently under cost of service to no more than a 1.5 times system average increase. OCA and OSBA propose to raise the limit to 2.0 times system

average increase, but then OCA and OSBA propose different allocations which allocate less revenues to each of their respective classes based on the 2.0 times system average increase limit. The different revenue allocation proposals of all parties and a succinct description of them are clearly set forth in Columbia Statement 6-RJ, pp. 2-3.

For the reasons set forth in the Company's Briefs, the Company's and I&E's revenue allocation proposal should be adopted. Columbia MB, pp. 140-143; RB, p. 72.

K. EXCEPTION NO. 11 – THE RD'S RECOMMENDATION TO MAINTAIN THE CURRENT RESIDENTIAL CUSTOMER CHARGE IS NOT BASED ON COST OF SERVICE AND SHOULD BE REJECTED (RD, P. 397)

The RD's analysis of issues related to the residential customer charge is flawed and should not be accepted. For example, the RD states: "We agree with the OCA that Columbia's residential customer charge is inconsistent with cost causation principles." RD, p. 397. However, the RD fails to acknowledge the undisputed fact that Columbia was the only party to present customer charge studies in this proceeding and that Columbia presented a customer charge study that addressed the parties' arguments regarding mains and uncollectible costs.

The Company conclusively demonstrated that its costs to provide service are fixed and do not vary from month to month based upon the volume of gas that flows through its mains and meters. Likewise, employee costs and billing costs do not change based upon volumes. I&E Witness Sakaya agreed with this at the hearing (Tr. 432-435), and no party provided any evidence to the contrary at any time in this proceeding.

Despite the fact that the distribution system costs are fixed, the vast majority of costs are recovered through volumetric rates. Columbia MB, p. 146. This creates a mismatch between cost incurrence and cost recovery, and, in a period of abnormally warming weather, does not allow the Company a reasonable opportunity to recover its authorized revenue requirement.

In addition to aligning cost incurrence with cost recovery, the Company demonstrated that

higher fixed customer charges with correspondingly lower volumetric rates provide significant benefits to customers, and especially to the average low-income customer. A higher customer charge with lower volumetric rates reduces the total annual bill for high usage low income customers. Columbia MB, p. 148. It also better spreads distribution costs over the year – reducing distribution costs in the winter when energy burdens are higher and moving them to the summer when energy burdens are lower. *Id.* A higher fixed customer charge with lower volumetric rates helps to stabilize distribution bills throughout the year for all customers and also lowers the total annual bill for many vulnerable customers.[30]

The RD fails to give sufficient weight to these benefits for customers and, just as important, fails to consider cost of service principles. The RD's proposal to maintain the current residential customer charge is not based upon any cost of service study. No other party presented a customer charge study in this proceeding. Therefore, the Company's customer charge studies are the only ones that can be considered.

The Commission has held that cost of service principles apply to rate design, and in particular the residential customer charge. In *Pa. PUC v. UGI Utilities, Inc. – Electric Division,*[31] the Commission held as follows with respect to UGI's proposal to increase its customer charge:

> With regard to the alternative proposals of I&E that UGI's customer charge should be increased to $10.00, and the OCA that UGI's customer charge should be increased to $8.00 to account for gradualism and the avoidance of rate shock, we find them to be without merit. Rather, we concur with the ALJs that, as set forth in *Lloyd*, gradualism concerns should not trump cost of service considerations. As such, we echo UGI's assertions that gradualism concerns cannot be considered a valid reason to adopt either I&E's proposed customer charge or that of the OCA. The record demonstrates that these alternative proposed charges do not adequately adhere to cost of service principles.[32]

[30] OCA and CAUSE-PA support budget billing to spread costs over the year. The Company also supports budget billing for customers that elect it. However, budget billing is not a substitute for a proper cost of service rate design.
[31] Docket No. R-2017-2640058 (Order entered Oct. 25, 2018) ("*UGI 2018 Rate Case Order*").
[32] *Id.*, pp. 173-174.

The other parties argued that the Company's customer charge study that includes mains should not be considered and that the customer charge study should not include uncollectible costs. *See* RD, p. 398. While the Company disagrees with these arguments, even if the Commission accepts them, the customer charge study that excludes mains and uncollectible costs results in a residential customer charge of $27.69. *See* Columbia St. No. 6-RJ, p. 5, Exhibit KLJ-2RJ. At a minimum, the Commission should adopt a customer charge of $27.69 in order to comply with cost of service principles.

Here, the RD further states that the increase in customer charge violates the principles of gradualism. RD, p. 399. This is also contrary to Commission precedent. In the *UGI 2018 Rate Case Order*, the Commission further stated:

> … As the ALJs observed, we must consider gradualism in the context of the entire increase to a customer class, rather than an individual element or component of rate design.[33]

In addition to disregarding Commission precedent regarding cost of service and gradualism, the RD dismisses the bill stability benefits of higher customer charges with correspondingly lower volumetric rates by stating that "we agree with CAUSE-PA that a bill that is stable but unaffordable is meaningless for low-income customers." RD, p. 400. This argument is a red herring in this context. Columbia does not dismiss affordability concerns and that is an important reason why the Company's low-income programs are so robust. However, it is undisputed in this proceeding that a higher customer charge with lower volumetric rates reduces the total annual bill for Columbia's average low-income customers because they have higher than average usage. This argument also ignores the benefits of shifting distribution costs from winter months when energy burdens are higher (and thus more unaffordable) to summer months when

[33] *UGI 2018 Rate Case Order*, p. 174.

energy burdens are lower (and thus more affordable).

The RD relies on arguments that a higher customer charge reduces incentives for customers to conserve energy and accepts the other parties' arguments without fully evaluating the merits of the arguments. RD, p. 400.[34] A higher customer charge does not discourage conservation because customers still save on their bills with every therm that they conserve. Columbia MB, p. 50. Also, as noted above, customer conservation does not reduce actual distribution costs for the Company because distribution costs are fixed and customers must pay for a distribution system that is designed to deliver gas during peak winter conditions (even when usage is low in the summer). In addition, CAUSE-PA admits that low-income customers are not effectively able to conserve or implement energy conservation measures. CAUSE-PA St. No. 2, p. 33. Promoting energy conservation through variable distribution costs is ineffective for low-income customers who are not able to conserve. In addition, it is inconsistent with cost-causation principles. The more effective way of helping the average low-income customer would be to increase fixed charges (which reduces volumetric charges) because this would reduce their total bills and reduce energy burdens in the winter when they are the highest. The Company's CAP and other low-income programs are also available for eligible customers that struggle to afford their bills.[35] Additional reasons supporting Columbia's proposed increase to the residential customer charge are provided in its Briefs. *See* Columbia MB, pp. 144-151; Columbia RB, pp. 74-80.

[34] Columbia recognizes the importance of energy efficiency and is attempting to strike the appropriate balance in this proceeding between cost recovery and energy efficiency goals. One way that the Company is doing this is through its proposed energy efficiency program, which the ALJs are proposing to deny. The reasons why the Company's energy efficiency program should be adopted are discussed below.

[35] The RD cites to the Commission's decision in Columbia's 2020 base rate proceeding as support for its decision to disallow any increase to the residential customer charge. RD, pp. 399-400. The 2020 decision should not be used as a basis for disallowing an increase to the customer charge in this proceeding. The 2020 decision was during COVID, and Columbia elected not to file Exceptions to the portion of the RD in that proceeding which recommended no increase to the residential customer charge. *Pa. PUC v. Columbia Gas of Pennsylvania*, Docket Nos. R-2020-3018835, *et al.* (Order entered Feb. 19, 2021), p. 265.

In summary, the RD's recommendation to maintain the current customer charge is not based on any cost of service study and should be rejected on that basis alone. If the Commission does not accept Columbia's customer charge study with mains and uncollectible costs, it should approve a fixed residential customer charge of $27.69, which is the customer charge study that excludes mains and uncollectible costs. Contrary to OCA's and CAUSE-PA's assertions, a higher customer charge will provide low-income customers benefits by reducing their total annual bill for those with higher than average usage and spreading higher winter costs to summer months when energy costs are lower.

L. EXCEPTION NO. 12 – THE WEATHER NORMALIZATION ADJUSTMENT ("WNA") SHOULD BE MADE PERMANENT (RD, P. 489)

The WNA is an important element to the Company and provides a reasonable opportunity to recover its Commission-authorized revenue requirement. The Company is not filing Exceptions to the RD's decision to deny the RNA. However, the WNA is and remains very important, especially given the extreme and abnormal warming trends outside of the Company's control, which prevent the Company from recovering its authorized revenue requirement due to the mismatch between fixed cost incurrence and volumetric cost recovery.

There are many misconceptions about the WNA that were accepted in the RD. The first and most egregious is that the WNA is a one-sided mechanism that resulted in Columbia overcharging customers by $74 million over the last five years. RD, p. 493. The RD states:

> Since 2006, Columbia has filed 12 rate cases yielding approved rate increases in excess of $487 million. Columbia's WNA Pilot has produced approximately $74 million in additional revenue from Columbia ratepayers subject to the WNA in the five most recent heating seasons.

Id., p. 1. The RD is in error when it states that the $74 million is in addition to the rate increases since 2006. The $74 million was part of the approved revenue requirement in those cases that would not have been recovered due to abnormal weather conditions that are outside of the

Company's control. It is not additional or excess revenues for the Company. Further, even the $74 million of net WNA recovery did not allow the Company to fully recover its authorized revenues because of the deadband.

Another misconception accepted by the RD is that the 3% deadband is not a customer protection and has not helped customers. RD, p. 493. Yet, other parties have argued for years in favor of a deadband as a customer protection. Notably, I&E Witness Sakaya agreed at the hearing that a 3% deadband is a customer protection. Tr. 435. In addition, the 3% deadband has benefited customers by preventing the Company from recovering the first 3% of revenues that were lost due to warmer than normal weather. The parties clearly view a deadband as a customer protection.

Yet another misconception accepted by the RD is that the WNA is not rooted in the cost of service. It is undisputed in this proceeding that the WNA is designed to credit or debit weather related revenues that are authorized in a base rate proceeding, which are set based upon the cost of service. The Company recovers most of its fixed costs through volumetric rates. Columbia St. No. 17, p. 29. Abnormal warming weather prevents the Company from recovering its authorized revenue requirement because lower volumes equate to lower revenues, even though the Company's costs remain the same. The WNA better aligns distribution revenues with cost-causation principles by accounting for variation in usage due to weather. *Id.*, p. 30.

The RD states that alternative ratemaking mechanisms should only be allowed in extraordinary circumstances, such as abnormal weather. RD, pp. 490-91. While the Company does not agree with this legal conclusion that alternative ratemaking mechanisms should only be allowed in extraordinary circumstances, the RD ignores the undisputed record evidence that abnormal warming weather conditions exist. Columbia MB, p. 161. These abnormal warming weather conditions, which are outside of the Company's control, justify the WNA under the RD's

own legal standard.

Another misconception is that Columbia has never issued a refund, *i.e.*, a credit, to customers under the WNA for the past 5 heating seasons. RD, p. 493 (referring to OCA St. No. 1, p. 55, referring to OCA Exhibit MWD-11). The statement made by OCA and accepted by the RD is incorrect and misunderstands the data presented in OCA Exhibit MWD-11. The information presented in this Exhibit is total annual data for each year. Therefore, the statement that Columbia has never issued a credit during the past 5 years is incorrect. Moreover, the parties and the RD fail to consider that in the first 6 years of the WNA, Columbia provided net credits to customers in 4 of those 6 years. *See* OCA Exhibit MWD-11. The WNA is clearly symmetrical – the reason that it has resulted in more recoveries for the Company over the past few years is due to extremely abnormal weather conditions that are outside of the Company's control.

Columbia's WNA meets the Commission's legal standards for alternative ratemaking. Columbia has addressed all the Commission's Policy Statement Factors. In addition, Columbia's WNA Pilot has been in effect for over 10 years, and Columbia has not had any of the issues that Philadelphia Gas Works ("PGW") experienced where it had to refund approximately $12 million of WNA charges due to high bills in May 2022.[36] Notably, Columbia has had very few complaints regarding the WNA over the past several years. Columbia MB, p. 168.

Columbia's WNA is nearly identical to the WNA that the Commission approved for Peoples Natural Gas Company LLC ("Peoples") over OCA's objections. Both Columbia and Peoples are located in similar service territories and their WNAs have 3% deadbands. The Commission stated as follows when it approved Peoples' WNA:

> Alternative rate mechanisms that are decoupled from revenue are a relatively recent development in Pennsylvania. While it seems like a WNA

[36] *See Petition of Phila. Gas Works for Emergency Order*, Docket No. P-2022-3033477 (Emergency Order dated July 1, 2022).

> does nothing more than shift risk of warmer weather from a utility to its customers, it is also true that gas utilities have certain fixed costs for providing service that may be impacted by the revenue lost due to lower consumption during warmer winter months. Accordingly, the Commission has approved WNA mechanisms for other gas utilities in the Commonwealth. The arguments made by OCA in opposition to this settlement term are arguments that can be made in opposition to *any* WNA.[37]

The RD recommends that if the Commission adopts the WNA, that it consider certain modifications proposed by I&E and CAUSE-PA. RD, pp. 494-497. Columbia has addressed these alternative conditions in its Main Brief. *See* Columbia MB, pp. 169-171. In summary, those alternative conditions are not necessary because Columbia has had a WNA for over 10 years and has not had any significant implementation or billing issues and has had very few customer complaints. *Id.*, pp. 159-160; Columbia RB, pp. 93-93. In addition, Columbia's WNA is very similar to the WNA that the Commission approved for Peoples over OCA's objections. The Company takes the position that the WNA should be approved as designed. It is designed to be like Peoples' WNA, which was approved after a litigated case, and Peoples' service territory abuts Columbia's service territory, so it is reasonable that the WNAs be the same. The Company believes it would be confusing to customers to make changes to the currently effective WNA. In the alternative, Columbia would be willing to forego May in the WNA, which would be consistent with UGI's WNA that was achieved through a settlement. UGI's service territory is also near parts of Columbia's service territory.

For the reasons explained herein and in the Company's testimony and Briefs, the WNA

[37] *See Pa. PUC v. Peoples Natural Gas Company,* Docket Nos. R-2023-3044549, *et al.*, (Order entered Sept. 12, 2024), pp. 92-93. Columbia notes that the Commission denied PECO's request for a WNA in *Pa. PUC v. PECO Energy Company – Gas Division,* Docket Nos. R-2024-3046932, *et al.* (Order entered Dec. 12, 2024) ("*PECO WNA Order*"). The Commission denied PECO's request for a WNA, in part, because PECO proposed a 1% deadband and PECO was located in a similar service territory as PGW. *See* Columbia MB, pp.159-160. Therefore, the *PECO WNA Order* is distinguishable from Columbia's request in this proceeding.

should be approved.

M. EXCEPTION NO. 13 – RATE EDDS SHOULD BE APPROVED. (RD, P. 647)

As noted in the RD, Columbia proposes to implement Rate Economic Development Distribution Service ("Rate EDDS") to allow it to serve extremely large load customers such as data centers. RD, p. 646. Columbia proposes to make this service non-jurisdictional in order to protect jurisdictional customers from bearing costs associated with serving these uniquely large customers. As noted in its Briefs, Columbia does not currently have a rate available to effectively serve a data center. *See, e.g.*, Columbia MB, p. 230.

The RD denied Rate EDDS on the basis that it is premature given the Commission's ongoing proceeding to develop policy guidelines for large load customers. RD, p. 647. The RD should be reversed, and Rate EDDS should be approved. The statewide proceeding is focused on electric interconnection, and interconnection of data centers to gas systems presents different and unique issues. Columbia MB, pp. 229-230. Moreover, Columbia should not have to wait for the outcome of that proceeding and then make another filing, which will take additional time to get approved, and risk losing the opportunity to serve a large load customer, of which it has already had an inquiry, and risk losing economic benefits for Pennsylvania, due to regulatory delay.

N. EXCEPTION NO. 14 - THE RD ERRS IN REQUIRING ADDITIONAL MESSAGING TO SHOPPING CUSTOMERS WITHOUT SUPPLIER NOTICE (RD PP. 622-26; OP NO. 39)

The RD inappropriately requires Columbia to send targeted messaging to CHOICE customers that could discourage those customers from shopping, a recommendation that runs contrary to the intent of the Natural Gas Choice and Competition Act ("Competition Act"). RD, p. 626. Here, the RD relies on the arguments of OCA and CAUSE-PA, which claim that the Company should bear responsibility for its shopping customers paying more than the Price to Compare ("PTC"), particularly low-income shopping customers. *Id.*, pp. 622-26. As a result, the

RD recommends that Columbia be required to, *inter alia*, "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," which includes information regarding the availability of CAP and other Universal Service programs, and which is sent at least once every six months. *Id.*, p. 685.

The RD errs in disregarding the Company's valid arguments in opposition to this proposal, which are more fully explained on pages 224 through 227 of the Company's MB. As the Company explained, the recommended messaging conflicts with the intent of the Competition Act by discouraging customers from exercising their right to shop for natural gas supply. No language in the Competition Act requires lower rates or costs for natural gas supplied by NGSs or places the responsibility for customers paying high NGS rates on natural gas distribution companies ("NGDCs"). The stated purpose of the Competition Act is to encourage competition for natural gas supply. Columbia MB, pp. 225-26. Moreover, no NGSs or industry groups representing NGSs have intervened in this proceeding, and it would be improper for the Commission to impose additional communication requirements related to competitive supply rates in a proceeding without adequate representation of supplier interests who may offer their own reasons for opposing Columbia's messaging on shopping. *See id.*, pp. 226-27. Ultimately, the rates charged by NGSs are outside the Company's control and it is inappropriate and contrary to the Competition Act for NGDCs, as the providers of last resort in their service territories, to discourage customer choice. Columbia RB, p. 150.

Additionally, the RD fails to clearly state how Columbia should implement the recommendation, as the analysis recommends "that the proposals of OCA and CAUSE-PA be implemented by the Company," while OP No. 39 adopts only CAUSE-PA's targeted low-income proposal. RD, pp. 626, 685. OCA's proposal is very different than CAUSE-PA's proposal and

would require the Company to send messaging to all CHOICE customers "emphasiz[ing] how to compare NGS charges per therm to the PTC and to urge them to compare prices and rates on a monthly basis." *See* RD, p. 614. This inconsistency creates an unacceptable level of ambiguity for compliance purposes, as it is entirely unclear which customers should be sent communications or the messages' content or submission frequency. While the Company maintains that this recommendation should be rejected, if it is adopted, the Company requires clarity on these points.

Finally, the Company maintains that the proposal to target low-income customers specifically is unnecessarily discriminatory to those customers. Low-income customers should not be singled out and discouraged from exercising their right to choose a natural gas supplier. Columbia has many low-income customers who pay their bills regularly and on time, and the Company has no desire to interfere with its low-income customers' shopping choices. Columbia MB, p. 226. To the extent low-income customers are paying shopping rates higher than the PTC, those rates are a result of NGS pricing and are not a function of Columbia's PTC or the information the Company supplies. *Id*. Customers, including low-income customers, have many reasons why they choose to shop, even if their rates at a point in time are higher than Columbia's PTC.

For these reasons, the Commission should reject the RD's recommendations on this issue.

O. EXCEPTION NO. 15 - THE RD ERRS IN REQUIRING THE COMPANY TO SCREEN CUSTOMERS FOR THEIR INCOME LEVEL FOR ALL NON-EMERGENCY CALLS (RD, PP. 549-50; OP NOS. 11, 30)

The RD errs in adopting OCA's and CAUSE-PA's recommendations to significantly increase income screening requirements during nearly all customer interactions. Under this recommendation, the Company would be required to screen <u>all</u> customers for their income level who: (1) call to establish service; (2) call to transfer service; (3) call for a non-emergency reason; and (4) use the Company's online account portal. RD p. 550. This sweeping recommendation would require the Company to implement procedures to retrieve income verification from its

customers during virtually every customer interaction and establish new methods for screening for income through a customer's online account portal within 90 days of the final order in this proceeding. *Id*. This recommendation also contains no time limits for the "routine" screening, *i.e.*, it appears to require the Company to screen all customers for their income during every non-emergency contact regardless of when they last provided their income information to the Company or whether they previously opted out of providing their income information. *Id*. This pervasive recommendation should be rejected.

Requiring the provision of financial information during these customer interactions can be perceived as intrusive and can lead to a negative customer service experience. In addition, although the majority of the Company's customers are not identified as low-income, all customers would be subject to routine inquiries about their income level. *See* Columbia MB, pp. 203-04.

Importantly, adopting these proposals will also increase the average call handle time and, therefore, could significantly impact current call center performance metrics. Columbia estimates that adopting these proposals would require the Company to hire a minimum of three additional full-time employees, due to the increased average call handle time. *Id*. There is no allowance in the RD for these additional costs. Here, the RD errs in disregarding the Company's credible testimony regarding the time and expense that implementing this recommendation would require, instead agreeing with CAUSE-PA's unsupported speculation that the proposal "would save money on CAP outreach in the long term." RD, p. 549.

For these reasons, and as explained more fully in Columbia's MB on pages 203 to 204, the RD's income screening recommendation should be rejected.

P. EXCEPTION NO. 16 - THE RD ERRS IN REQUIRING THE COMPANY TO CONDUCT A COMPREHENSIVE ANALYSIS OF PAYMENT AGREEMENT POLICIES (RD, PP.608-10; OP NO. 27)

The RD errs in recommending that the Company be required to undergo a full evaluation

and reporting of its payment agreement policies within six months of the final order. RD, p. 513. The record evidence does not support this recommendation. The RD relies on the arguments of OCA, which claim that a slight increase in instances of justified payment arrangement requests reported by the Bureau of Consumer Services ("BCS"), from .03% in 2021 to .06% in 2023, warrants comprehensively reviewing all the Company's payment agreement policies, reporting those findings, and implementing corresponding reforms. *Id.* While acknowledging that this increase was slight, the RD speculates that this minor increase in justified payment arrangement request, by just .03% over three years, "may be a signal of larger problems in the future." *Id.*

The RD recommends a solution in search of a problem. Simply because the Company has not undertaken a specific review of payment policies proposed by OCA does not signal that its payment agreement policies are in need of reform or that the number of justified payment arrangement requests will increase in the future, especially considering the Company's steady performance in this area. *See* RD, p. 512. Moreover, the Company clarified in Rebuttal that it employs the Commission's payment agreement guidelines in developing and implementing its payment agreements in order to ensure consistency, fairness, and transparency. *See* Columbia St. No. 9-R, p. 25. As more fully explained in the Company's MB and RB, and as acknowledged by the RD at page 513, it is undisputed that the Company's existing payment agreement policies are fully compliant with the applicable provisions of the Public Utility Code, the Commission's orders and regulations, and the Company's Commission-approved tariff. *See* Columbia MB, p. 184; Columbia RB, p. 110. Finally, the recommendation is unreasonably vague, as it contains very little detail on the scope of the evaluation and review required, *i.e.*, whether the Company must analyze the results of every payment agreement issued, the time frame for the agreements reviewed, or what reforms would be satisfactory.

For these reasons, and as explained in Columbia's MB on page 184 and RB on page 110, the RD's unsupported recommendation regarding comprehensive payment agreement review should be rejected.

Q. EXCEPTION NO. 17 - THE RD ERRS IN RESTRICTING COLUMBIA'S AUTHORIZED DISCLOSURE OF THE ELIGIBLE CUSTOMER LIST TO LICENSED SUPPLIERS (RD, PP.647-48; FOF NOS. 407-09; OP NO. 40)

The RD erroneously recommends that the Commission reject the Company's updated Eligible Customer List ("ECL") tariff language, incorrectly determining that the Company's tariff language "leaves the potential for Columbia to share customer information" to unknown third parties without restriction because "Columbia's current tariff does not limit third party disclosure to NGS[s] operating in Columbia's service territory." RD, p. 648. In reaching this conclusion, the RD adopts the arguments of OCA and CAUSE-PA, which incorrectly claim that the Commission's recent *2025 ECL Order*[38] prohibits Columbia from sharing ECL information with any third party that is not an NGS. RD, pp. 636-40, 643-46. These arguments should be rejected.

As more fully explained in the Company's MB on pages 231-34 and RB on pages 154-57, Columbia's proposed tariff language accurately and adequately captures the correct interpretation of the Commission's regulations regarding the release of private customer information and the *2025 ECL Order*, which directs NGDCs to make certain changes to customer solicitations for the ECL. Columba MB, pp. 231-33. For a description of the minor tariff changes proposed to comply with the *2025 ECL Order*, please see pages 231 to 234 of Columbia's MB.

The "third party" language objected to by OCA and CAUSE-PA is contained within Columbia's existing Commission-approved tariff. Columbia MB, pp. 231-32. Moreover, the Commission's regulations explicitly permit NGDCs, including Columbia, to "release private

[38] *See Guidelines for Eligible Customer Lists*, Docket No. M-2010-2183412 (Order entered March 13, 2025) ("*2025 ECL Order*").

customer information to a third party" when certain criteria have been met.[39] In the instance of the ECL, generally that "third party" is the NGS, but nowhere in the Commission's regulations or the *2025 ECL Order* does the Commission limit authorized ECL disclosure solely to NGSs.[40] Rather, Section 62.78(a) of the Commission's regulations provides:

> An NGDC or NGS may not release private customer information to a ***third party*** unless the customer has been notified of this intent and has been given a convenient method, consistent with subsection (b), of notifying the entity of the customer's desire to restrict the release of the private information.[41]

In addition, in determining the appropriate information that should be included in the ECL available for NGSs, the Commission clearly contemplated that third parties other than NGSs might have access to the information supplied therein:

> We already determined that customer telephone numbers are not part of the ECL for the natural gas industry. Nonetheless, we again caution ***NGSs, other marketers and agents*** that they remain subject to the provisions of the state and federal "do not call" laws as well as our consumer protection regulations at 52 Pa. Code § 56, *et seq.* (Standards and billing practices for residential utility service).[42]

Therefore, while access to the ECL is made available to NGSs, the Commission's regulations also permit NGSs to "release private customer information to a third party" when certain criteria have been met.[43] As such, an NGS could retain a third party to access the ECL on its behalf to obtain the information for purposes of marketing or creating tailored offers to customers.

Requiring Columbia to "strike reference to third parties and limit ECL access to licensed

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[39] 52 Pa. Code § 62.78(a). The criteria include notifying the customer of the intent to release the information and giving the customer a convenient method of advising the entity of the customer's desire to restrict the release of the private information. Further, even if the customer chooses not to restrict the release of the private information, the customer's telephone number may not be released to a third party. *Id*.

[40] *See 2025 ECL Order*; 52 Pa. Code § 62.78(a).

[41] 52 Pa. Code § 62.78(a) (emphasis added).

[42] *See Interim Guidelines For Natural Gas Distribution Company Eligible Customer Lists*, Docket No. M-2012-2324075 (Order entered Aug. 15, 2013), p. 9 (emphasis added).

[43] 52 Pa. Code § 62.78(a).

suppliers in Columbia's service territory" runs contrary to the Commission's regulations and the *2025 ECL Order*. RD, p. 648. Thus, the Commission should reject the RD's findings regarding the ECL and approve the Company's proposed ECL tariff changes without modification.

R. EXCEPTION NO. 18 - THE RD ERRS IN REQUIRING THE COMPANY TO BOTH STUDY THE FEASIBILITY OF A METHANE DETECTOR PILOT AND IMPLEMENT THE PROGRAM WITHIN SIX MONTHS OF A FINAL ORDER (RD, P. 662; OP NO. 29)

The RD errs in adopting both I&E's original methane detection pilot proposal and its alternative recommendation to study the feasibility of a pilot program. RD, p. 662. I&E proposed that Columbia undertake a methane detection pilot, or alternatively, implement an internal study to determine whether a pilot program is feasible and how Columbia would implement such a pilot program. I&E MB, pp. 85-86. The Company investigated the use of Smart Remote Methane Detector ("SRMD") devices and found that the functionality for their deployment is not currently available. Columbia MB, pp. 243-44. However, the Company committed in Rebuttal to investigating the technical and operational requirements necessary to support the integration of SRMDs with its Advanced Metering Infrastructure ("AMI") and to providing the results of this assessment in its next base rate case filing. Columbia St. No. 7-R, pp. 6-7. As such, the Company's Rebuttal position aligned with I&E's alternative recommendation.

In its analysis, the RD appears to agree with both I&E and Columbia by adopting I&E's alternative recommendation. Yet the RD ultimately recommends that the Company both study the feasibility of a methane pilot program and "develop a pilot program in consultation with stakeholders within six months of the adoption of the final order in this proceeding." RD, p. 662. The Commission should reject the RD's recommendation for Columbia to develop a methane detector pilot program at the same time as it conducts a feasibility study for a pilot program. These recommendations are inherently contradictory and do not follow from the RD's analysis of the

issue. Instead, as explained in Columbia's MB, p. 159, the Commission should adopt the proposal to conduct a feasibility study and present the findings in the Company's next base rate case.

S. EXCEPTION NO. 19 - THE RD INCORRECTLY REJECTS THE COMPANY'S PHASE II ENERGY EFFICIENCY PLAN (RD, PP. 608-10; FOF NOS. 402-404; OP NO. 27)

In this proceeding, Columbia is proposing its Phase II Three-Year Energy Efficiency Plan ("Phase II Plan"). The voluntary Phase II Plan is based on the successful implementation of the Company's Energy Efficiency Pilot Program ("EE Pilot"), and the updates in the Plan are based on energy efficiency efforts across other NGDCs' Energy Efficiency and Conservation ("EE&C") plans in Pennsylvania. The Company is proposing to continue its two residential energy efficiency programs from the EE Pilot and launch a new, Small Commercial Program ("SC Program"). The Phase II Plan is projected to be cost-effective, both as a whole and through its individual programs. Columbia MB, pp. 208-09; Columbia RB, pp. 133-34. While Columbia is not mandated to enact an EE&C plan under Act 129 of 2008 ("Act 129"), its voluntary Phase II Plan was developed using the guiding principles of the Commission's *Phase IV Implementation Order* and the December 23, 2009 Secretarial Letter related to voluntary electric distribution company ("EDC") EE&C plans.[44]

The RD errs in determining that the Company's Phase II Plan should be rejected outright solely because it does not include dedicated low-income programming. Here, the RD fails to credit any of the extensive record evidence demonstrating the cost-effectiveness and projected benefits of the Company's Phase II Plan. RD, pp. 609-10. Instead, the RD predominantly relies on CAUSE-PA's arguments alleging that: (1) the voluntary Phase II Plan cannot be approved without dedicated low-income programming; (2) the Company has not proposed any increases in its low-

[44] *See Energy Efficiency and Conservation Program*, Docket No. M-2020-3015228 (Order entered June 18, 2020) ("*Phase IV Implementation Order*"), *clarified*, Docket No. M-2020-3015228 (Order entered March 12, 2020); *Re: Voluntary Energy Efficiency and Conservation Program*, Docket No. M-2009-2142851 (Dec. 23, 2009) ("EE&C Secretarial Letter").

income energy efficiency programs, *i.e.*, the Audits and Rebates ("A&R") Program and Emergency Repair Program ("ERP"), as part of this rate case; (3) the Company has "underspent" those A&R Program and ERP budgets contrary to the settlement of the Company's 2022 base rate case ("2022 Settlement"); and (4) low-income customers did not participate in the Company's Phase I EE&C Plan on a proportionate scale. *Id.* Alternatively, the RD proposes that if the Phase II Plan is approved, the Company should "be required to proportionately increase its [A&R] Budget and [ERP] in accordance with Columbia's 2022 Settlement." *Id.* at 610. For the reasons explained below, the Commission should approve the Company's proposed Phase II Plan as filed.

First, the RD errs in completely overlooking the cost-effectiveness and projected benefits of the Phase II Plan. Indeed, despite acknowledging the extensive benefits of both the Pilot and the Phase II Plan through its Findings of Fact Nos. 301 to 334, the RD contains no analysis either recognizing or considering these benefits. *See* RD, pp. 608-10. The Company describes the numerous projected benefits of the Phase II Plan and the successes of the EE Pilot on pages 209 through 215 of its MB. Highlights of these benefits include that over the three years of the Phase II Plan, the Plan is projected to return a present value of Total Resource Cost ("TRC") net benefits of $17.1 million, in 2025 dollars, with a TRC benefit-cost ratio ("BCR") of 2.49. Together, the Phase II Plan programs are projected to save 160,000 incremental annual Dths of natural gas and 2.7 million Dths over the lifetime of the measures installed. Columbia MB, p. 212. The Phase II Plan is projected to save 7,629 MWh of electricity and 508 million gallons of water over the lifetime of the measures installed. *Id.*, pp. 212-13. The Plan is also projected to generate between 81 and 162 net additional new jobs over the lifetime of the efficiency measures installed. *Id.*, p. 213. These projected benefits are undisputed in the record and the RD errs significantly by failing to consider them at all in its analysis of the Phase II Plan.

Second, the RD errs in disallowing the Phase II Plan on the basis that it does not contain dedicated low-income programming. The RD fails to cite any Commission regulation, order, or policy statement in support for its proposition that approval of the Company's voluntary natural gas EE&C plan should be conditioned on the inclusion of dedicated low-income programming. In the absence of specific Commission requirements for voluntary NGDC EE&C plans, NGDCs regularly rely on the EE&C Secretarial Letter for guidance on appropriate voluntary EE&C plan design and methodology.[45] The EE&C Secretarial Letter directly addresses the Act 129 cost limits and the TRC test, which Columbia used to develop its Phase II Plan, but does not address the low-income programming requirement contained in Act 129.[46] As such, Columbia maintains that the low-income programming requirement of Act 129 is not applicable to voluntary EE&C plans.

Notwithstanding, Columbia demonstrated that its low-income customers have benefited from its EE Pilot, with 550 customers referred to Columbia's various dedicated low-income programs when they indicated income levels at or below 250% of the FPIG and 180 confirmed low-income customers participating in the Residential Prescriptive ("RP") Program. Columbia St. No. 13-RJ, p. 4; Columbia Ex. JAN-1RJ. The measures received by these customers included boilers, furnaces, smart thermostats, and tankless water heaters. *Id.*

Moreover, as recognized in the RD's alternative recommendation, the Company already has two robust low-income energy efficiency programs in place, the A&R Program and the ERP. The Company's A&R Program is a dedicated program for customers up to 250% of the FPIG who do not qualify for LIURP. These customers receive a free energy audit and up to $3,600 worth of energy efficiency improvements to their homes at no cost. Columbia MB, p. 219. The A&R

[45] *See, e.g., Petition for UGI Utilities, Inc. – Gas Division for Approval of its Phase II Energy Efficiency and Conservation Plan*, Docket No. M-2024-3048418 (Recommended Decision issued June 20, 2025), pp. 13-14, *adopted without modification by* (Order entered July 24, 2025).
[46] *See generally*, EE&C Secretarial Letter.

Program can also be stacked with the proposed Phase II Plan, thereby providing eligible customers with up to $4,800 of no-cost insulation and air-sealing measures. *Id.*, p. 216. The ERP assists customers with incomes below 200% of the FPIG to make emergency repairs or replacement of unsafe or faulty heating and hot water equipment. *Id.*, p. 125. The Company's LIURP also provides vital efficiency resources to low-income customers. The RD errs in overlooking the importance of the A&R Program, the ERP, and LIURP in the Company's suite of efficiency measures benefitting low-income customers.

Third, the RD incorrectly concludes that "Columbia has not spent its allocated budget for its A&R and ERP, which goes against prior settlement provisions that were to address Columbia's lack of dedicated low-income programming within its Phase I EE&C program." RD, p. 609. This finding is a gross mischaracterization of the Company's commitment to these programs and its compliance with the 2022 Settlement, and is unsupported by the record evidence. Through the 2022 Settlement, Columbia committed to increase its annual budgets for both the A&R Program and the ERP to $1,000,000 each.[47] Pursuant to the terms of the 2022 Settlement, Columbia Gas budgeted $2,750,000 for the A&R Program from 2022 to 2024, and spent $2,280,844, leaving only 17% of the budgeted funds unspent. *See* CAUSE-PA St. 1, p. 53. For the ERP, Columbia Gas budgeted $2,700,000 from 2022 to 2024 and spent $2,667,567, leaving only 1% of funds unspent. *See id.*, p. 55. Taken together, the program budgets for the A&R Program and the ERP totaled $5,450,000, and Columbia's total spending was $4,948,411, leaving only 9% of funds unspent.[48] Contrary to the RD's characterizations, this level of spending is well within normal spending limits

[47] *See Pa. PUC, et al. v. Columbia Gas of Pa., Inc.*, Docket No. R-2022-3031211 (Opinion and Order entered Dec. 8, 2022), p. 19.

[48] These budgets do not roll over from year to year. Currently, any unspent funds from the A&R Program are credited during the annual Rider USP reconciliation each February and reduce the total Rider USP collected in the following year. Columbia RB, p. 143.

and does not contravene the terms of the 2022 Settlement. In addition, the record shows that since the A&R Program's inception in 2009, no household has been denied assistance due to a lack of funding. Columbia MB, p. 221. As such, the Commission should reject the RD's findings that Columbia underspent its A&R Program and ERP budgets contrary to the 2022 Settlement.

Fifth, the RD errs in alternatively recommending that any approval of the Phase II Plan be conditioned on increasing the budgets to the Company's A&R Program and ERP proportionate to the overall increase of the Phase II Plan budget.[49] Here, the RD fails to consider that a large portion of the budget increase between the EE Pilot and the Phase II Plan comes from the introduction of a third program targeted at small commercial customers, the SC Program. The projected costs for the SC Program over the three years of the Phase II Plan is $1,710,472, while the residential program costs are projected to be $6,174,108. Exhibit JAN-2 at 5. To the extent that the Commission adopts this recommendation, and Columbia maintains that it should not, any proportional calculation should be based on the increased costs attributable to the residential EE&C programs, which is a 54% increase, not the 97% increase cited by the RD.[50]

Sixth, the RD errs in ordering that, if the Phase II Plan is approved, "there shall be a maximum annual cap on the plan's total administration costs (exclusive of the incentives cost) at twenty percent (20%) of the annual total [Phase II Plan] cost with any excess administration costs to be refunded to customers through the rider." OP 27. The RD contains no analysis or discussion supporting this conclusion.[51] Limiting non-incentive costs would have detrimental effects on the

[49] To the extent that this recommendation is based on an assertion that the Company was required to increase its A&R Program and ERP budgets in this case to conform with the requirements of the 2022 Settlement, that assumption is incorrect. As related above, the 2022 Settlement required a one-time budget increase to raise both programs' budgets to $1,000,000.

[50] To the extent any increase is approved, the Company would be agreeable to the increased funds being distributed through the ERP and not the A&R Program, considering the historic spending levels discussed above.

[51] Though the RD does reference I&E's arguments in support of a 20% cap on administrative spending through the course of the Phase II Plan, it fails to adopt those arguments or provide support for their adoption.

Plan's effectiveness. For example, marketing budgets are crucial for ensuring customer participation, inspection and evaluation budgets are necessary to ensure that customers applying for rebates actually installed the equipment they are claiming and that the energy savings claimed by Columbia are being realized, and administrative budgets are necessary to ensure accurate rebate processing, customer payments, and customer service rates. Columbia MB, pp.145-46. The 20% limit adopted in the RD is not mandated by statute or the Commission's regulations or orders, and is not a limit imposed on mandatory Act 129 EE&C Programs.[52] For these reasons, and the reasons laid out in Columbia's MB, pp. 208-24, the Commission should approve the Plan as filed.

T. EXCEPTION NO. 20 - THE RD'S UNSUPPORTED ORDERING PARAGRAPHS SHOULD BE REJECTED OR AMENDED TO REFLECT THE RD'S FINDINGS (OP NOS. 11, 34-38, 41)

There are at least four instances in which the RD adopts a party's proposal in its analysis of an issue and then implements an alternate proposal in its Ordering Paragraphs. The following Ordering Paragraphs should be amended or rejected because they contradict the RD's analyses:

- OP No. 11, requires the Company to "develop and implement screening process at the time a household first applies to receive service from Columbia to determine whether the applicant: (1) should be classified as a Confirmed Low-Income customer; and (2) should be referred to the CAP application process within six months of the adoption of the final order in this proceeding." RD, p. 681. This duplicative requirement is not adopted by the RD in its analysis of additional screening requirements (*see* Exception No. 15) and, therefore, should be rejected.
- OP Nos. 34, 35, and 41 expand the budget, time frame, and marketing requirements for the Company's unopposed CAP Arrearage Pilot ("CAP Pilot"), essentially adopting CAUSE-PA's alternate proposal on this issue. RD, pp. 684-85. However, the RD's analysis on this issue agrees with the Company that the CAP Pilot's proposed scope and budget are reasonable and adopts the Company's proposal as filed. RD, pp. 527-28. The Company's unopposed CAP Pilot should be approved as filed, in line with the RD's analysis, and these Ordering Paragraphs should be amended to reflect the approval of the CAP Pilot's budget and scope as filed.

[52] Finally, the Company notes that the RD errs in stating that OCA recommended that the Commission reject the Company's Phase II EE&C Plan. RD, p. 609. OCA recommended approval of the Phase II Plan with certain proposed modifications, the majority of which Columbia either agreed to in Rebuttal or already had in place. *See* RD p. 598.

- OP No. 36 requires the Company to "reevaluate CAP bills monthly to ensure customers receive the most affordable rate and shall amend its USECP to reflect this monthly review." RD, p. 685.[53] The RD contains no analysis addressing this proposal from CAUSE-PA and it is simply included in the Ordering Paragraphs with no explanation. As such, this Ordering Paragraph should be rejected.
- OP Nos. 37 and 38 require Columbia to rollover any unspent A&R Program and ERP budgets at the end of each program year and add those unspent funds to the budget for the following year. RD, p. 685.[54] However, the RD does not contain any analysis adopting this alternate recommendation from CAUSE-PA. As such, this Ordering Paragraph should be rejected or to align with the RD's analysis.

III. CONCLUSION

For all of the foregoing reasons, Columbia Gas of Pennsylvania, Inc. respectfully requests that the Pennsylvania Public Utility Commission grant the above Exceptions.

Respectfully submitted,

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[53] Please refer to Columbia's MB at 203-04 for a full discussion of the proposal from CAUSE-PA to review CAP accounts monthly to ensure customers are receiving the lowest payment option. Columbia clarified in Rebuttal that its monthly automated CAP account review process already reviews accounts for the lowest monthly payment option, making the recommended review and USECP amendment unnecessary. *See* Columbia MB, pp. 203-04.

[54] As explained on pages 220 through 221 of Columbia's MB, these proposals to rollover unused funds from the A&R Program and ERP budgets are unnecessary at this time, as these programs are already sufficiently funded.