



COMMONWEALTH OF PENNSYLVANIA

October 21, 2025

**E-FILED**

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

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

Dear Secretary Homsher

Enclosed please find the Reply Exceptions, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-referenced proceeding.

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

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

Sincerely,

*/s/ Steven C. Gray*

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

*Enclosures*

cc: Mark Ewen  
Parties of Record



## I. INTRODUCTION

On October 3, 2025, Administrative Law Judge (“ALJ”) Jeffrey A. Watson and ALJ Chad L. Allensworth issued their Recommended Decision (“RD”) in this proceeding involving Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”).

On October 14, 2025, the Office of Consumer Advocate (“OCA”) filed Exceptions to the RD.

The OSBA submits the following Reply Exception in response to an Exception filed by the OCA.

## II. REPLY EXCEPTION

### A. **Reply to OCA Exception No. 9: The ALJ correctly ordered that an authorized rate increase should be allocated in accordance with Columbia’s proposed revenue allocation (OCA Exceptions, at 33-37)**

In its Exceptions, the OCA argued, as follows:

Further, if the Commission does approve a 2.0 times the system average increase for Rate LDS/LGSS customers, the classes subsidizing Rate LDS/LGSS customers should move towards the same relative rate of return instead of moving the same amount towards the indicated cost of service.

OCA Exceptions, at 36-37 (footnote omitted). Specifically, the OCA explained its revenue allocation proposal, as follows:

The Company’s unmodified allocation proposal would not equitably allocate a revenue increase because it would not move Rate LDS/LGSS customers as close to cost of service rates as the OCA’s recommended revenue allocation, and would require continued subsidization of that rate class. For these reasons, the OCA requests that the Commission grant significant weight to the revenue allocation proposal of OCA witness Mierzwa and grant less weight to the proposals of the Company and the OSBA, which do not allocate a revenue increase as equitably as the OCA’s proposal.

OCA Exceptions, at 37.

As set for in the OSBA’s Main Brief, the OCA’s proposed revenue allocation does assign a larger increase for the LDS/LGSS class.<sup>1</sup> However, the OCA proposed aggressively assigns greater increases to the SGSS/DS-1, SGSS/DS-2, and SDS/LGSS while simultaneously providing significant relief to the residential class. The OCA deems this an “equitable” result.

OCA witness Jerome Mierzwa explained his revenue allocation proposal “I adjusted the increase assigned to the RSS/RDS, SGSS/DS-1, SGSS/DS-2, and SDS/LGSS classes to essentially *equalize the relative rate of return* under proposed rates for each of those four classes.”<sup>2</sup> However, equalizing relative rates of return is not an appropriate goal for this, or any other, rate proceeding. A correct and accurate metric for progress towards cost of service is the percentage increase, for each customer class, compared to the system average percentage increase.

Fatal to the OCA proposal is that it increases rates to the small business customers of Columbia on the order of 1.29 to 1.30 times the system average increase. These small business customer classes are already over-recovering their respective cost of service according to Columbia’s Peak & Average cost of service study. Therefore, increasing the rates paid by Columbia’s small business classes and moving those classes further away from their cost of service, as proposed by the OCA, violates the requirements of *Lloyd* and Section 1301 of the Public Utility Code.

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<sup>1</sup> OSBA Main Brief, at 11.

<sup>2</sup> OCA Statement No. 4, at 12 (emphasis added)

**III. CONCLUSION**

For the reasons set forth herein, the OSBA respectfully requests that the Commission deny OCA Exception No. 9 regarding the OCA's proposed revenue allocation.

Respectfully Submitted,

/s/ Steven C. Gray

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Dated: October 21, 2025



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