



COMMONWEALTH OF PENNSYLVANIA

December 23, 2025

**E-FILED**

Matthew 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 for filing today please find the Petition for Reconsideration and Verification, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-referenced proceeding.

As evidenced by the enclosed Certificate of Service, copies will be served on all known parties in this proceeding.

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

Sincerely,

*/s/ Steven C. Gray*

Steven C. Gray  
Senior Supervising  
Assistant Small Business Advocate  
Attorney I.D. No. 77538

*Enclosures*

cc: Mark Ewen  
Parties of Record



## TABLE OF CONTENTS

I.	<b>Introduction</b> .....	1
II.	<b>Legal Standards</b> .....	2
III.	<b>Statement of the Case</b> .....	2
IV.	<i>Lloyd and Sabree</i> .....	4
V.	<b>Request for Reconsideration</b> .....	5
VI.	<b>The Commission’s Discretion</b> .....	6
VII.	<b>Conclusion</b> .....	7

Pursuant to 52 Pa. Code §5.572, the Office of Small Business Advocate (“OSBA”) files this Petition for Reconsideration of the December 9, 2025, Opinion and Order of the Pennsylvania Public Utility Commission (“Commission”) in the above-captioned proceeding (“December 9th Order”) and avers the following in support of the Petition:

**I. Introduction**

1. On March 20, 2025, Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) filed Supplement No. 392 to Tariff Gas Pa. P.U.C. No. 9 (“Supplement No. 392”) with the Commission. Supplement No. 392 proposed to increase the Company’s total annual operating revenues by approximately \$110.5 million.
2. On April 11, 2025, the OSBA filed a Complaint in opposition to Supplement No. 392.
3. The OSBA submitted the direct, rebuttal, and surrebuttal testimony of its witness, Mark D. Ewen, in June and July of 2025.
4. On August 6 and 7, 2025, Administrative Law Judge (“ALJ”) Jeffery A. Watson and ALJ Chad L. Allensworth conducted evidentiary hearings.
5. On August 26, 2025, the OSBA submitted its Main Brief
6. On September 5, 2025, the OSBA submitted its Reply Brief.
7. On October 3, 2025, ALJ Watson and ALJ Allensworth issued their Recommended Decision.
8. October 21, 2025, the OSBA filed a Reply Exception.
9. On December 9, 2025, the Commission entered its Order in this proceeding.
10. By this Petition, the OSBA seeks reconsideration of the Commission’s December 9<sup>th</sup>, 2025 Order on the issue of revenue allocation.

## II. Legal Standards

11. In *Philip Duick et al. v. Pennsylvania Gas and Water Company*, 56 Pa. PUC 553, 559 (1982), the Commission set forth the standards for granting reconsideration:

A petition for reconsideration, under the provisions of 66 Pa.C.S. § 703(g), may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code section to rescind or amend a prior order in whole or in part. In this regard we agree with the Court in the Pennsylvania Railroad Company case, wherein it was said that ‘[p]arties . . . , cannot be permitted by a second motion to review and reconsider, to raise the same questions which were specifically considered and decided against them. . . .’ What we expect to see raised in such petitions are new and novel arguments, not previously heard, or considerations which appear to have been overlooked or not addressed by the Commission.

12. In *Pennsylvania Public Utility Commission v. Jackson Sewer Corporation*, 2001 Pa. PUC LEXIS 44, the Commission also stated:

Additionally, a Petition for Reconsideration is properly before the Commission where it pleads newly discovered evidence, alleges errors of law, or a change in circumstances.

*Jackson Sewer*, 2001 Pa. PUC LEXIS 44, at \*6.

13. This Petition satisfies *Duick* and *Jackson Sewer*, in that this Petition raises issues “which appear to have been overlooked or not addressed by the Commission” and “alleges errors of law.”

## III. Statement of the Case

14. In its December 9<sup>th</sup> Order, the Commission adopted Columbia’s cost of service study. The Commission concluded, as follows:

Upon our review of the record in this proceeding and the Exceptions and Replies to Exceptions, we are not persuaded to reverse the ALJs’ recommendation to adopt the Company’s P&A ACCOSS and methodology in this proceeding. We have thoroughly reviewed the respective Parties’ arguments in support of each of the studies before us. However, based on our prior

determinations on our preferred ACCOS Study in natural gas utility rate proceedings, we believe that the P&A ACCOSS is best suited in this proceeding.

December 9<sup>th</sup> Order, at 253.

15. Table 22, on page 257 of the December 9<sup>th</sup> Order, shows that Columbia proposed a revenue allocation that would reduce the over-collection of the cost of service of the SGS/DS-1 and SGS/DS-2 classes (the “small business customer classes”).

16. Instead of the Columbia revenue allocation proposal, the Commission chose the Office of Consumer Advocate (“OCA”) revenue allocation proposal:

Specifically, we find the OCA’s revenue allocation proposal to be equitable and reasonable.

December 9<sup>th</sup> Order, at 269.

17. Table 24, on page 270 of the December 9<sup>th</sup> Order, shows that the OCA revenue allocation proposal moves the small business customer classes further away from their respective cost of service.

18. In response to this result, the Commission stated, as follows:

[U]nder the OCA’s proposal, there is a negligible amount of movement away from the cost to serve for rate classes SGS/DS-1, SGS/DS-2, and SDS/LGSS...

December 9<sup>th</sup> Order, at 270.

19. There is nothing in the Public Utility Code that defines what a “negligible amount” is. Nor does the Public Utility Code explain how to calculate what is a just and reasonable “negligible amount” of movement away from cost to serve.

20. There is also nothing in the Commission’s regulations which defines what a “negligible amount” is. Nor do the Commission’s regulations explain how to calculate what a just and reasonable “negligible amount” is.

21. There is no mathematical equation which calculates what a “negligible amount” should be.

22. The Merriam-Webster dictionary defines the word “negligible” as “so small or unimportant or of so little consequence as to warrant little or no attention.” The OSBA does *not* consider revenue allocation, nor the tenet of cost-based rates, unimportant.

#### **IV. *Lloyd and Sabree***

23. As the Commission is aware, the OSBA won its appeal in the seminal case *NazAarah Sabree, Small Business Advocate, Petitioner v. Pennsylvania Public Utility Commission*, Docket 1307 C.D. 2022 (November 17, 2025).

24. In *Sabree*, the Commonwealth Court re-affirmed the requirements set forth in the Court’s *Lloyd* decision:

Although *Lloyd* is factually distinguishable from the case at bar because it involved a discrimination claim under Section 1304 of the Code, 66 Pa.C.S. § 1304, in the context of the Electric Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801-2815, neither of which are at issue here, *Lloyd* is applicable because it elucidated the general principles the Commission must follow in ratemaking cases.

*Sabree*, at 12 (fn. 7).

25. The Commonwealth Court in *Sabree* continued, as follows:

Just and reasonable rates are the keystone in utility ratemaking. And it is settled that the cost of providing a utility service is the polestar in achieving just and reasonable rates.

\* \* \*

Accordingly, while different rates may be charged to different customer classifications, the rate set for each classification must be primarily based on the cost of providing the service for that specific classification.

*Sabree*, at 10-11 (citations omitted).

26. The Commonwealth Court in *Sabree* observed that in *Lloyd*, “the Commission ‘masked’ the actual increase in the cost of providing service and allowed gradualism to trump the cost of providing service as the primary ratemaking concern.” *Sabree*, at 12-13.

27. The Commonwealth Court in *Sabree* concluded, as follows:

[T]he Commission usurped the cost of providing service as the primary ratemaking concern when it set water rates inclusive of the Act 11 wastewater subsidy because it ‘allow[ed] factors like gradualism, quality of service, and affordability of rates to come to the foreground.’ As a further consequence, the Commission masked the actual cost of providing water service to Aqua Water customers.

*Sabree*, at 15 (citation omitted). This exact result is obtained when the OCA revenue allocation is adopted for Columbia’s small business customer classes – their respective cost of service is masked.

28. Finally, the Commonwealth Court in *Sabree* reiterated the conclusion of *Lloyd*, as follows:

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

*Sabree*, at 13 (quoting *Lloyd*, at 1020) (emphasis added in *Sabree*).

## V. Request for Reconsideration

29. The Commission’s decision to adopt the OCA revenue allocation violates both *Lloyd* and *Sabree*. The Commonwealth Court, as set forth above, has made it clear that revenue allocation *must* be based upon the cost of service. The December 9<sup>th</sup> Order, which causes the currently over-paying small business customer classes to over-pay even more, is unjust, unreasonable, and must be reversed.

30. Consequently, the OSBA respectfully requests that the Commission reverse its decision to adopt the OCA's revenue allocation. The Columbia or OSBA revenue allocation is an acceptable, just and reasonable result for this issue.

31. Furthermore, the OSBA respectfully requests that the Commission terminate the "negligible amount" standard in its crib. There is no basis for that new standard in either the PUC Utility Code or the Commission's regulations. There is no mathematical equation to calculate a "negligible amount." Furthermore, as the Merriam-Webster definition illustrates, a "negligible amount" will be in the eye of the beholder, and each party, and probably each Commissioner, will have a different view of what constitutes a "negligible amount."

32. Even worse, the "negligible amount" standard will become Commission *precedent*. Respectfully, the OSBA submits that standard will create utter chaos throughout the Commission's dockets.

33. Consequently, the OSBA respectfully requests that the Commission abandon the new "negligible amount" standard.

## **VI. The Commission's Discretion**

34. All parties that practice before the Commission, including the OSBA, know that the Commonwealth Courts have ruled that the Commission has "discretion" in "interpreting" its statutes. The OSBA respectfully submits that the Commission does not have that option regarding the "negligible amount" standard set forth in its December 9<sup>th</sup> Order. Specifically, the OSBA submits that the Commission is prohibited from employing its discretion to declare that the "negligible amount" standard is just and reasonable. Nowhere in the Public Utility Code or Commission regulations does this standard appear. The Commission appears to have created it out of whole cloth, and the OSBA respectfully submits that it must be struck down immediately.

## VII. Conclusion

Wherefore, the OSBA respectfully asks the Commission to:

- Reconsider its decision to adopt the OCA's revenue allocation;
- Reconsider its decision and adopt either the Columbia or OSBA revenue allocation; and
- Terminate the "negligible amount" standard.

Respectfully submitted,

/s/ Steven C. Gray

Steven C. Gray

Senior Attorney

Assistant Small Business Advocate

Attorney ID No. 77538

For:

NazAarah Sabree

Small Business Advocate

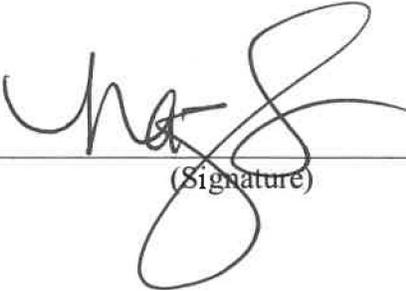
Commonwealth of Pennsylvania  
Office of Small Business Advocate  
Forum Place  
555 Walnut Street, 1<sup>st</sup> Floor  
Harrisburg, PA 17101

Dated: December 23, 2025

**VERIFICATION**

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

Date: December 23, 2025



(Signature)



John W. Sweet, Esquire  
Ria M. Pereira, Esquire  
Lauren N. Berman, Esquire  
Elizabeth R. Marx, Esquire  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, PA 17102  
[pulp@pautilitylawproject.org](mailto:pulp@pautilitylawproject.org)

Whitney E. Snyder, Esquire  
Thomas J. Sniscak, Esquire  
Erich W. Struble, Esquire  
HMS Legal LLP  
501 Corporate Circle, Suite 302  
Harrisburg, PA 17110  
[wesnyder@hmslegal.com](mailto:wesnyder@hmslegal.com)  
[tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com)  
[ewstruble@hmslegal.com](mailto:ewstruble@hmslegal.com)

Date: December 23, 2025

Joseph L. Vullo, Esquire  
Burke Vullo Reilly Roberts  
1460 Wyoming Avenue  
Forty Fort, PA 18704  
[jlvullo@bvrrlaw.com](mailto:jlvullo@bvrrlaw.com)

Emily Farah, Esquire  
NiSource Corporate Services Co.  
121 Champion Way, Suite 100  
Canonsburg, PA 15317  
[efarah@nisource.com](mailto:efarah@nisource.com)

*/s/ Steven C. Gray* \_\_\_\_\_  
Steven C. Gray  
Senior Attorney  
Assistant Small Business Advocate  
Attorney I.D. No. 77538