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File #: 203798

January 2, 2026

VIA ELECTRONIC FILING

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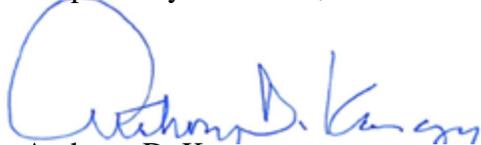
Re: **Pennsylvania Public Utility Commission, et al. v. Columbia Gas of Pennsylvania, Inc.**
Docket Nos. R-2025-3053499, et al.

Dear Secretary Homsher:

Enclosed for filing is the Answer of Columbia Gas of Pennsylvania, Inc. to the Petition for Reconsideration of the Office of Small Business Advocate in the above-referenced proceeding.

Copies are being provided as indicated on the Certificate of Service.

Respectfully submitted,



Anthony D. Kanagy

ADK/dmc
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: January 2, 2026



Anthony D. Kanagy

**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	:	

**ANSWER OF COLUMBIA GAS OF PENNSYLVANIA, INC. TO
THE OFFICE OF SMALL BUSINESS ADVOCATE’S
PETITION FOR RECONSIDERATION**

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Date: January 2, 2026

Counsel for Columbia Gas of Pennsylvania, Inc

I. INTRODUCTION

Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”), pursuant to 52 Pa. Code §§ 5.61 and 5.572, hereby respectfully submits this Answer to the Petition for Reconsideration filed by the Office of Small Business Advocate (“OSBA”) on December 23, 2025 (“OSBA Petition”), which asks the Pennsylvania Public Utility Commission (“Commission”) to revisit its Order entered on December 9, 2025 (“Final Order”), with respect to revenue allocation.

As explained below, the Company takes no position on the arguments advanced in the OSBA Petition. However, should the Commission grant the OSBA Petition and reconsider the appropriate revenue allocation for this proceeding, the Company respectfully requests that the Commission adopt Columbia’s proposed revenue allocation. The Company’s proposed revenue allocation is reasonable and is based on the Company’s Peak & Average allocated cost of service (“ACOS”) study. The Company’s proposed revenue allocation has been accepted by both the OSBA and the Bureau of Investigation and Enforcement (“I&E”) as reasonable and is consistent with the Commission’s position in the Company’s 2020 base rate case. Further, Columbia’s proposed revenue allocation moves the unitized returns for the classes towards parity (unitized returns of 1.00). Columbia also proposed to limit the rate increases for each class to no more than 1.5 times the total system average increase of 16.73%. Columbia’s proposed revenue allocation represents a fair allocation of the proposed revenue increase among the customer classes considering the range of outcomes produced by the ACOS studies.

For these reasons, and as explained further herein, the Company respectfully requests that, should the Commission grant the OSBA Petition, the Commission adopt the Company’s proposed revenue allocation.

II. BACKGROUND

1. Columbia is a “public utility” and “natural gas distribution company” (“NGDC”) as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa.C.S. §§ 102 and 2202. Columbia provides natural gas sales, transportation, and/or supplier of last resort services to approximately 446,000 retail customers in portions of 26 counties of Pennsylvania, primarily in the western half of the state, but also including parts of Northwest, Southern and Central Pennsylvania.

2. On March 20, 2025, Columbia filed Supplement No. 392 to Tariff Gas Pa. P.U.C. No. 9 at Docket No. R-2025-3053499, with an effective date of May 19, 2025. Columbia proposed to increase overall rates by approximately \$110.5 Million per year, based upon data for a fully projected future test year (“FPFTY”) ending December 31, 2026.

3. On April 24, 2025, the Commission issued an Order suspending Columbia’s Supplement No. 392 by operation of law until December 19, 2025.¹

4. I&E, OSBA, the Office of Consumer Advocate (“OCA”), The Pennsylvania State University (“PSU”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), and the Pennsylvania Weatherization Providers Task Force (“PWPTF”) participated in the proceeding.² The parties conducted discovery and submitted several rounds of testimony.

5. Hearings were held on August 6 and 7, 2025. Several parties conducted cross-examination. In addition, the parties’ evidence and testimony were admitted into the record.

¹ On April 28, 2025, Columbia filed Supplement No. 399 pursuant to the Commission’s April 24, 2025 Suspension Order. Supplement No. 399 suspended the proposed rates contained in Tariff Supplement No. 392 until December 19, 2025.

² Formal Complaints were also filed by Terri Walker, Linda Slick, Linda Allison, Alexandra Garlitz, and Daniel and Stacy Chronister.

6. Following the hearing, parties submitted Main Briefs on August 26, 2025, and Reply Briefs on September 5, 2025.

7. On October 3, 2025, the Commission issued the Recommended Decision (“RD”) of Administrative Law Judges Jeffrey A. Watson and Chad L. Allensworth (the “ALJs”).

8. Columbia, OCA, and PSU filed Exceptions to the RD on October 14, 2025. Columbia, OSBA, I&E, OCA, PSU, and CAUSE-PA filed Replies to Exceptions on October 21, 2025.

9. On December 9, 2025, the Commission issued its Final Order, which approved a base rate increase of \$55,627,800, granted in part and denied in part the Exceptions of the Company, OCA, and PSU, and made other modifications and corrections to the RD.

10. On December 23, 2025, OSBA filed its Petition for Reconsideration.

III. LEGAL STANDARD

11. The Commission’s standard for granting reconsideration following final orders is set forth in *Duick v. Pennsylvania Gas and Water Co.*, 56 Pa. P.U.C. 553, 559 (1982) (“*Duick*”) (emphasis added):

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.

56 Pa. P.U.C. 553, 559 (emphasis added).

12. The Commission has cautioned that the last portion of the operative language of the *Duick* standard – “by the Commission” – focuses on the deliberations of the Commission, not the arguments of the parties. *See Pa. PUC v. PPL Electric Utilities Corp.*, Docket No. R-2012-2290597, p. 3 (May 22, 2014). Therefore, a petition for reconsideration cannot be used to raise new arguments or issues that should have been but were not previously raised.

IV. ARGUMENT

13. In its Petition, OSBA argues that the Commission’s decision to adopt OCA’s proposed revenue allocation in this proceeding violates the principles of *Lloyd v. Pa. PUC*, 904 A.2d 1010 (Pa. Cmwlth. 2006) (“*Lloyd*”) and *Sabree v. Pa. PUC*, 2025 Pa. Commw. LEXIS 188 (Pa. Cmwlth. 2025) (“*Sabree*”). (*See* OSBA Petition, pp. 4-5.)

14. Specifically, OSBA argues that OCA’s proposed revenue allocation “moves the small business customer classes further away from their respective cost of service” and that the Commission’s support for this result, that the movement represents a “negligible amount,” is unreasonable. (*See* OSBA Petition, p. 3.) OSBA contends that the Commission cannot adopt a “negligible amount” standard to justify the movement of a customer class away from its cost of service, claiming that a “negligible amount” standard is subjective, undefined, and runs contrary to *Lloyd* and *Sabree*, which prohibit the Commission from allowing factors such as gradualism to “trump the cost of providing service as the primary ratemaking concern.” (*See* OSBA Petition, pp. 4-6 (quoting *Sabree*, pp. 12-13.)) As a result, OSBA requests that “the Commission reverse its decision to adopt the OCA’s revenue allocation” and instead adopt either the Company’s or OSBA’s proposed revenue allocation. (OSBA Petition, p. 6.)

15. The Company takes no position on the arguments advanced in the OSBA Petition. However, should the Commission grant OSBA’s Petition and reconsider the appropriate revenue

allocation for this proceeding, the Company respectfully requests that the Commission adopt Columbia's proposed revenue allocation.

16. As more fully explained in the Company's Briefs and Exceptions, the Company's proposed revenue allocation is reasonable and is based on the Company's Peak & Average ACOS study. (*See* Columbia MB, pp. 140-43.)

17. Columbia allocated the proposed revenue requirement to the rate schedules using the FPFTY non-gas revenues for each customer group being allocated a portion of the increase. In order to develop allocation percentages, rate schedules were assigned to groups. (Columbia MB, p. 140.)

18. All Residential rate schedules (Residential Sales Service ("RSS") and Residential Distribution Service ("RDS" or "Choice")) were grouped together. The following Commercial and Industrial ("C&I") customers using less than 6,440 therms annually were combined: Small General Service-1 ("SGS-1"), Small Commercial Distribution-1 ("SCD-1") and Small General Distribution Service-1 ("SGDS-1"). The other customer groups include Small General Service-2 ("SGS-2"), Small Commercial Distribution-2 ("SCD-2") and Small General Distribution Service-2 ("SGDS-2") (those with annual usage between 6,440 and 64,400 therms); Small Distribution Service ("SDS") and Large General Sales Service ("LGSS") (commercial and industrial customers using between 64,400 and 540,000 therms annually); Large Distribution Service ("LDS") and LGSS (commercial and industrial customers using greater than 540,000 therms annually); Main Line Distribution Service ("MLDS"); and Negotiated Contract Service plus flex rate customers ("NCS" or "Flex"). (Columbia MB, pp. 140-41.)

19. As noted above, the Company selected the Peak & Average ACOS study to guide the revenue allocation and rate design process, while using all three ACOS studies to evaluate the

reasonableness of the proposed revenue allocation. (Columbia MB, p. 141.) The results of the ACOS study indicated that five rate classes – RS/RDS, SGS-1/SGDS-1, SGS-2/SGDS-2, SDS/LGSS and MLDS – are overcontributing compared to the rate of return earned on rate base, and two rate classes – LDS/LGSS and Flex – are under contributing based upon the Peak & Average methodology. (Columbia MB, pp. 141-142.)

20. The table below summarizes Columbia’s final revenue allocation proposal at the proposed rate increase of \$110.5 Million. (Columbia MB, p. 142.)

<u>Columbia’s Final Revenue Allocation Proposal of Revenue Requirement (in thousands)</u>						
RS/RDS	SGS/DS-1	SGS/DS-2	SDS/LGS	LDS/LGS	MLDS	Flex
			\$	\$		
\$73,877	\$10,659	\$12,072	\$7,556	\$6,335	\$0	\$0
66.86%	9.65%	10.93%	6.84%	5.73%	0.0%	0.0%

21. Columbia’s proposed revenue allocation moves the unitized returns for the classes towards parity (unitized returns of 1.00) with no class yet at parity. Columbia also proposed to limit the rate increases for each class to no more than 1.5 times the total system average increase of 16.73%. (Columbia MB, p. 142.)

22. Importantly, the Company’s proposed revenue allocation has been accepted by both OSBA and I&E as reasonable. (See OSBA Petition, p. 6; Columbia MB, p. 143.) The proposed revenue allocation is also consistent with the Commission’s position in the Company’s 2020 base rate case.³

³ See *Pa. PUC, et al. v. Columbia Gas of Pa.*, Docket No. R-2020-3018835, (Order entered Feb. 19, 2021), p. 233.

23. For these reasons, if the OSBA Petition is granted, Columbia's proposed revenue allocation represents a fair allocation of the proposed revenue increase among the customer classes considering the range of outcomes produced by the ACOS studies and should be accepted.

V. CONCLUSION

For all the foregoing reasons, Columbia Gas of Pennsylvania, Inc. respectfully requests that if the Pennsylvania Public Utility Commission grants the Petition for Reconsideration of the Office of Small Business Advocate, the Company's proposed revenue allocation be adopted.

Respectfully submitted,



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Date: January 2, 2026

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