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January 31, 2025

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


Re: Docket No. R-2025-_____
Pennsylvania Public Utility Commission v. Peoples Natural Gas Company LLC (1307(f)-
2025 Proceeding)

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Peoples Natural Gas Company LLC (“Peoples”) is the information related to purchases from an affiliated interest that is required under 52 Pa. Code Section 53.65 to be filed 60 days prior to the filing of a tariff under 66 Pa.C.S. Section 1307(f). Peoples will provide copies of the enclosed materials to the Commission’s Bureau of Investigation and Enforcement, the Office of Consumer Advocate and the Office of Small Business Advocate.

Please direct any questions concerning this filing to me at 412-208-6527 or meagan.moore@peoples-gas.com.

Respectfully submitted,



Meagan Moore

Attachment

cc: Bureau of Investigation and Enforcement
Office of Consumer Advocate
Office of Small Business Advocate

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Section 53.65 Special Provisions Relating to Section 1307(f) Gas Utilities with Affiliated Interests

Whenever a gas utility under 66 Pa.C.S. § 1307(f) (relating to sliding scale of rates; adjustments) purchases gas, transportation or storage from an affiliated interest, as defined at 66 Pa.C.S. § 2101 (relating to definitions of affiliated interest), it shall, in addition to the normal submission expected of a gas utility under 66 Pa.C.S. § 1307(f) file evidence to meet its burden under 66 Pa.C.S. § 1317(b) (relating to regulation of natural gas costs). The evidence, to be filed 60 days prior to the filing of a tariff under 66 Pa.C.S. § 1307(f), shall include statements regarding:

- (1) The costs of the affiliated gas, transportation or storage as compared to the average market price of other gas, transportation or storage and the price of other sources of gas, transportation or storage.
- (2) Estimates of the quantity of gas, transportation or storage available to the utility from all sources.
- (3) Efforts made by the utility to obtain gas, transportation or storage from nonaffiliated interests.
- (4) The specific reasons why the utility has purchased gas, transportation or storage from an affiliated interest and demonstration that the purchases are consistent with a least cost fuel procurement policy.
- (5) The sources and amounts of gas, transportation or storage which have been withheld from the market by the utility or affiliated interest and the reasons why the gas, transportation or storage has been withheld.
- (6) To the extent that the information required in this section has been submitted under § 53.64 (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million), the utility need only designate information which applies to affiliated interests.

Response:

Peoples Natural Gas Company LLC (“Peoples Natural Gas”) does not have any such transactions.

Peoples Natural Gas and Peoples Gas Company LLC (“Peoples Gas”) (the “Peoples Divisions”) filed an application on December 1, 2021, to merge Peoples Gas into Peoples Natural Gas at Docket Nos. A-2021-3029831 and A-2021-3029833. That application was approved by the Pennsylvania Public Utility Commission (“PUC”) by order entered August 25, 2022. Effective October 1, 2022, the PGC (“Purchased Gas Cost”) rates of Peoples Natural Gas

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and Peoples Gas were merged. As a result, with the exception of the Allegheny Valley Connector (“AVC”) capacity charge, the Peoples Divisions charge the same Purchased Gas Cost (“PGC”) rate components, balancing charges and retainage rates to their respective customers. In addition to the merger of the PGC rates, the Peoples Divisions combined the Merchant Function Charges (“MFC”) and the Gas Procurement Charges (“GPC”) in order to have a single consolidated Price-to-Compare (“PTC”), also effective October 1, 2022.

Effective January 1, 2023, the legal entities were merged. As such, Peoples Natural Gas Company LLC had two tariffed Divisions. Peoples Natural Gas Company LLC – Peoples Natural Gas Division (“PNGD” or “Peoples Natural Gas Division”) and Peoples Gas Company became Peoples Natural Gas Company LLC – Peoples Gas Division (“PGD” or “Peoples Gas Division”).

The Joint Settlement in the merger proceeding, which was approved by the Commission’s August 25, 2022 Order, states that:

Following the close of the Proposed Merger, Peoples Gas as a division of Peoples Natural Gas will be subject to Peoples Natural Gas’ affiliated interest agreements. Although arrangements between the two divisions will no longer require affiliate approvals, the merged Company will utilize the same allocation factors of the existing affiliated interest agreements between Peoples Natural Gas and Peoples Gas to allocate costs between the Peoples Gas and Peoples Natural Gas Divisions. No changes to these allocations are anticipated as a result of the proposed transaction. Services provided by PNG Companies or other affiliated interests will be provided pursuant to existing, Commission-approved affiliate interest agreements. Any other agreement between affiliated interests for sharing of services or employees will be separately filed with the Commission pursuant to Section 2102 of the Public Utility Code. (Settlement at Par. 34)

On December 29, 2023, Peoples filed a base rate case at Docket No. R-2023-3044549. In that filing, the Company sought and received approval for the unification of the distribution rates of its two divisions as well as a total consolidation of each division’s tariffs currently on file with the PUC.

The Settlement in the 2023 rate case proceeding which was approved by the Commission’s September 12, 2024 Order, states that:

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Under the Settlement, the Settlement Parties have agreed that the Company may combine the tariffs of both the PNGD and PGD. The Settlement Parties have also agreed that Peoples will no longer be required to maintain separate books and records, and that future reports and filings will be on a consolidated basis. Settlement ¶ 68.

The Company requested that the tariffs be merged in its Direct Testimony and that it be permitted to consolidate the divisions. Peoples MB, Section (I)(A), p. 2. This will create efficiencies for the Company and the parties. This Settlement provision is in the public interest and should be approved.

Effective September 27, 2024, Peoples' base rate case went into effect and Tariff Gas – PA PUC No. 48 became effective. Tariff Gas PA PUC No. 48 combines and supersedes former Tariff Gas – PA PUC No. 8 for the former Peoples Gas Division and former Tariff Gas – PA PUC No. 47 for the former Peoples Natural Gas Division. As a result, Peoples Natural Gas Company LLC no longer has any such transactions.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).


VIA EMAIL

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Date: January 31, 2025



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