

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265**

Public Meeting held March 27, 2025

Commissioners Present:

Stephen M. DeFrank, Chairman  
Kimberly Barrow, Vice Chair  
Ralph V. Yanora  
Kathryn L. Zerfuss  
John F. Coleman

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| Peoples Natural Gas Company LLC Universal Service and Energy Conservation Plan for 2019-2024           | M-2018-3003177 |
| Peoples Gas Company LLC Universal Service and Energy Conservation Plan for 2019-2024                   | M-2020-3021343 |
| Petition of Peoples Natural Gas Company LLC to Amend 2019-2024 Universal Service and Conservation Plan | P-2025-3053645 |

**ORDER**

**BY THE COMMISSION:**

On May 12, 2022, the Commission entered an Order (May 2022 Order) approving the 2019-2024 Universal Service and Energy Conservation Plan (2019 USECP) for Peoples Natural Gas Company LLC (PNGC),<sup>1</sup> a large jurisdictional natural gas distribution company (NGDC), and Peoples Gas Company LLC (PGC),<sup>2</sup> a small NGDC. The two entities are now one public utility, an NGDC named Peoples Natural Gas LLC

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<sup>1</sup> PNGC comprises the former Peoples and Equitable Divisions.

<sup>2</sup> PGC was formerly Peoples TWP.

(Peoples). Peoples' 2019 USECP was last amended on November 26, 2024<sup>3</sup> and remains in effect until replaced<sup>4</sup>.

On February 27, 2025, Peoples filed and served a Petition (Peoples Petition), which was assigned Docket No. P-2025-3053645 and subsequently posted at Docket Nos. M-2018-3003177 and M-2020-3021343 on March 13, 2025, seeking to amend their 2019 USECP to increase the annual budget for its Emergency Furnace and Service Line Repair (EFSLR) program for 2025 through 2028.<sup>5</sup> Peoples' EFSLR is a permanent program within its Low Income Usage Reduction Program (LIURP) and provides emergency heating system, hot water heater, and/or gas line repairs and/or replacements to customers with income at or below 200% of the FPIG. Peoples requests an expedited review of the Petition by April 1, 2025, in order to maintain EFSLR funding. There is no opposition to the Peoples Petition. By this Order, we approve the Peoples Petition.

## **BACKGROUND**

This Background summarizes relevant portions of various dockets relating to the Peoples' EFSLR program discussed herein.

### ***PNGC 2010 Rate Case (Docket No. R-2010-2201702, et al.)***

In its Rate Case Settlement (2010 Settlement) filed on April 13, 2011, at Docket No. R-2010-2201702, *et al.*, PNGC proposed to, *inter alia*, establish an EFSLR and

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<sup>3</sup> The 2019 USECP amendments were approved by Commission Secretarial Letter issued on December 13, 2024, at Docket Nos. M-2018-3003177, M-2020-3021343, and R-2023-3044549. All references to Peoples 2019 USECP refer to the version filed on November 26, 2024.

<sup>4</sup> The Commission has directed Peoples to file a new proposed USECP on or before April 1, 2028, covering the five-year period starting on January 1, 2029 (*i.e.*, 2029 to 2034). May 2022 Order at 94, OP #15.

<sup>5</sup> Peoples originally filed a similar Petition on February 21, 2025, (February 21 Petition) at Docket Nos. M-2018-3003177 and M-2020-3021343, which was also Docketed at P-2025-3053621. On March 7, 2025, Peoples filed a letter at Docket No. P-2025-3053645 stating that the February 21 Petition was incomplete and asked the Commission to disregard it. Docket No. P-2025-3053621 has been cancelled and the filing is no longer reflected at Docket No, M-2018-3003177 and is not reflected at either USECP docket.

recover the costs of this program through its universal service rider (Rider F).<sup>6</sup> 2010 Settlement at 14, ¶48. On May 9, 2011, the Office of Administrative Law Judge (ALJ) issued a Recommended Decision recommending approval of the Settlement without modification. On June 9, 2011, the Commission entered an Order approving the ALJ's Recommended Decision.

***Peoples TWP 2013 Rate Case (Docket No. R-2013-2355886, et al.)***

In its 2013 Rate Case Settlement (2013 Settlement) filed on October 7, 2013, at Docket No. R-2013-2355886, *et al.*, Peoples TWP proposed to, *inter alia*, establish an EFSLR and recover program costs through its Universal Service Program (Rider USP).<sup>7</sup> 2013 Settlement at 10, ¶36. On October 30, 2013, the ALJ issued a Recommended Decision recommending approval of the Settlement without modification. On December 19, 2013, the Commission entered an Order approving the ALJ's Recommended Decision.

***Merger of PNGC and Equitable Gas (Docket Nos. A-2013-2353647, et al.)***

On December 18, 2013, the Commission approved a settlement allowing Equitable Gas to merge into PNGC, with PNGC as the surviving entity. Since Equitable operated under separate tariffs and accounting procedures compared to PNGC, the NGDCs operated as separate divisions of PNGC, Peoples and Equitable.<sup>8</sup>

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<sup>6</sup> Parties to the Settlement were the Commission's Office of Trial Staff, nka the Bureau of Investigation and Enforcement (I&E); Office of Consumer Advocate (OCA); the Office of Small Business Advocate (OSBA); Dominion Retail, Inc., and Interstate Gas Supply, Inc.; EQT Energy, LLC, d/b/a Equitable Energy; the Pennsylvania Independent Oil and Gas Association; and Direct Energy Services, LLC.

<sup>7</sup> Parties to the Settlement were the I&E, OCA, OSBA, and Peoples TWP LLC.

<sup>8</sup> See Joint Application of PNGC LLC, Peoples TWP LLC, and Equitable Gas Co., LLC, to Merge Equitable Gas Co., LLC, with PNGC LLC, Docket Nos. A-2013-2353647, A-2013-2353649, and A-2013-2353651 (Order entered on November 14, 2013). The affiliated PGC (formerly Peoples TWP) continues to operate under its separate tariffs.

***PNGC 2015-2018 USECP (Docket No. M-2014-2432515)***

On July 16, 2014, PNGC submitted its 2015-2018 USECP (2015 USECP) at Docket No. M-2014-2432515 which covered the Peoples and Equitable divisions. In an Order entered on December 15, 2015 (December 2015 Order)<sup>9</sup>, the Commission, *inter alia*, directed PNGC to incorporate the Peoples EFSLR into its LIURP as a pilot program for the duration of the 2015 USECP, making the EFSLR subject to an annual evaluation and LIURP reporting requirements. The costs of Peoples EFSLR are recovered through the Peoples universal service rider (*i.e.*, Rider F). December 2015 Order at 42-44. There was no change in recovery relative to the EFSLR for the 2019 USECP.

The Commission also approved a similar, but less extensive, EFSLR pilot for Equitable, funded pursuant to a settlement in the December 2015 Order. The Commission advised PNGC that the directives and reporting requirements applicable to the Peoples EFSLR pilot would apply to Equitable if Equitable wished to align its existing EFSLR pilot with the Peoples EFSLR pilot during the term of the 2015 USECP. The conditions under which Peoples could maintain a program beyond the end of the 2015 USECP would also be applicable to Equitable. December 2015 Order at 39, 42, 44.

On January 12, 2016, PNGC filed its compliance 2015 USECP which contained the Peoples and Equitable divisions EFSLR pilot as part of the PNGC LIURP. As approved, the Peoples and Equitable EFSLR pilot programs assisted customers at or below 200% of the Federal Poverty Income Guidelines (FPIG) to make repairs to a furnace or service line. 2015 USECP at 31-33.

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<sup>9</sup> PNGC 2015-2018 USECP Order, Docket No. M-2014-2432515 (Order entered on December 17, 2015) at 4-10.

***Petition of PNGC – Equitable Division to Amend 2015 USECP (Docket Nos. P-2016-2562220; M-2014-2432515)***

On August 17, 2016, PNGC filed and served a Petition to amend its 2015 USECP to align the Equitable EFSLR pilot with the Peoples EFSLR pilot pursuant to the provisions of the December 2015 Order. By order entered on December 8, 2016, the Commission approved this change.<sup>10</sup>

***Petition of PNGC to Modify the EFSLR Budget for the Equitable Division (Docket Nos. M-2014-2432515; P-2019-3007044)***

On January 9, 2019, PNGC filed a Petition seeking to increase its annual budget for the Equitable EFSLR pilot from \$275,000 to \$400,000 to align with the Peoples EFSLR pilot budget and to recover the increased program costs through Equitable’s universal service rider. On May 9, 2019, the Commission entered an Order approving PNGC’s January 2019 Petition.

***Merger of Peoples and Equitable Divisions (Docket No. R-2018-3006818, et al.)***

On October 3, 2019, at Docket No. R-2018-3006818, *et al.*, the Commission approved the merger of PNGC’s separate Peoples and Equitable rate districts into a single rate district known as PNGC.

***PNGC and PGC 2019 USECP (Docket Nos. M-2018-3003177; M-2020-3021343)***

As stated above, the PNGC and PGC 2019 USECP was approved by the Commission in the May 2022 Order. In its May 2022 Order, the Commission, *inter alia*, approved maintaining EFSLR as a LIURP pilot and modifying the program as follows:

- Increasing the annual EFSLR budgets for PNGC to \$400,000 and for PGC to \$60,000.

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<sup>10</sup> PNGC 2015-2018 USECP, Docket No. M-2014-2432515 (Order entered on December 8, 2016) at 9.

- Increase annual EFSLR budgets by 3% every year to cover rising labor and material costs.
- Permit up to 25% of the annual EFSLR budgets to serve renters.
- Include minor restoration costs to ensure gas line safety for replacements that include excavation for EFSLR.

The Commission also directed PNGC and PGC to either propose incorporating the EFSLR pilot as a permanent part of its LIURP or propose discontinuation of the program, with justifications for either proposal, by or before its next USECP filing.<sup>11</sup> May 2022 Order at 65-66, OP #7.

***Merger of PNGC and PGC (Docket Nos. A-2021-3029831 & A-2021-3029831)***

On August 25, 2022, the Commission entered an Order at Docket Nos. A-2021-3029831 and A-2021-3029831 approving the merger of PNGC and PGC into a single rate district (Peoples).

***July 2023 Petition to Amend 2019 USECP (Docket Nos. M-2018-3003177; M-2020-3021343; P-2023-3041929)***

On July 27, 2023, Peoples filed a Petition (July 2023 Petition), seeking to establish EFSLR as a stand-alone, permanent universal service program separate and apart from the Peoples’ LIURP.<sup>12</sup> OCA filed an Answer in support of designating EFSLR as a permanent universal service program, with the exception that EFSLR remain part of Peoples’ LIURP.<sup>13</sup> By Order entered on November 9, 2023, (November 2023 Order), the Commission approved the Peoples’ proposal to establish EFSLR as a permanent

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<sup>11</sup> Peoples next USECP, which will cover the years of 2029-2033, is scheduled to be filed on April 1, 2028.

<sup>12</sup> A LIURP, customer assistance program (CAP), hardship fund, and customer assistance referral and evaluation programs (CARES) are four (4) mandatory elements of an NGDC’s USECP. 66 Pa.C.S. § 2203(7) & (8) (relating to standards for restructuring of natural gas utility industry).

<sup>13</sup> OCA filed its Answer on September 19, 2023.

universal service program within its LIURP but denied Peoples' proposal to establish EFSLR as a program separate from its LIURP. On November 20, 2023 (November 20 Compliance Filing), the Peoples Companies filed an amended 2019 USECP, identifying EFSLR as a component of LIURP. The November 20 Compliance Filing was approved by Secretarial Letter issued on December 13, 2023.

### **SUMMARY OF PEOPLES PETITION**

In the instant Petition, Peoples requests approval to amend its 2019 USECP by increasing EFSLR budget levels for each remaining program year of the effective period of its 2019 USECP (*i.e.*, 2025-2028). The Peoples Petition includes an amended page 23 of its 2019 USECP reflecting its proposed increase in EFSLR funding levels for 2025 through 2028 (Attachment A). Peoples is not proposing to modify any other aspect of its EFSLR. Peoples Petition at 1-2.

In its Petition, Peoples avers that an increase to the EFSLR budget levels is necessary for the following reasons:

- In the years following the COVID-19 pandemic, material costs for furnace and boiler replacements have continued to increase.
- In a recent base rate proceeding, PNGC and PGC universal service costs merged into one rider with a reconciliation period of October through September. Peoples reports that in 2024 it spent \$1,461,209 in EFSLR funds, which included \$1,068,975 of the planned 2024 EFSLR budget, and, beginning in October 2024 with the new reconciliation period, \$392,234 of its 2025 EFSLR budget.
- As of February 2025, Peoples' EFSLR budget has only \$443,511 remaining and is expected to be exhausted on or before April 1, 2025.
- At the February 5, 2025 Low Income Home Energy Assistance program (LIHEAP) Advisory Committee (LAC) meeting, the Department of Human

Services (DHS) reported that the LIHEAP Crisis Interface program<sup>14</sup> is rapidly running out of funding and may close earlier than expected. Peoples contends that once the LIHEAP Crisis Interface program closes, only utility programs such as EFSLR would be available to help low-income households with emergency heating situations.

Peoples Petition at 1-2.

Peoples submits that increasing the EFSLR budget levels by \$500,000 (*i.e.*, to \$1,500,000) for each program year will result in an approximately \$0.01 increase per Mcf for customers subject to the reconcilable Universal Services Rider. Peoples asserts that it has consulted with OCA and the Coalition for Affordability Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) and that they support its proposal to increase the annual EFSLR budget to \$1,500,000 per program year to ensure eligible homeowners and renters continue to secure emergency services for their heating systems and gas lines. Peoples Petition at 2.

## **STAKEHOLDER RESPONSE**

On March 19, 2025, CAUSE-PA filed a Letter in Lieu of Answer in response to the Peoples Petition. CAUSE-PA supports the Peoples Petition and recommends the Commission expedite its approval. CAUSE-PA Letter at 1-2.

## **DISCUSSION**

It is the responsibility of the Commission to ensure that universal service and energy conservation programs (*i.e.*, CAP, LIURP, CARES, hardship funds, and other approved programs) are appropriately funded and available to low-income customers in

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<sup>14</sup> The LIHEAP Crisis Interface program provides heating-related emergency repair service to qualifying households. DHS 2025 LIHEAP State Plan at C-2-C6. [https://www.pa.gov/content/dam/copapwp-pagov/en/dhs/documents/services/assistance/documents/heating-assistance\\_liheap/2025-liheap-state-plan.pdf](https://www.pa.gov/content/dam/copapwp-pagov/en/dhs/documents/services/assistance/documents/heating-assistance_liheap/2025-liheap-state-plan.pdf).

each NGDC service territory. 66 Pa. C.S. § 2203(8). The Commission is also required to determine if NGDCs are meeting the general goals of universal service and energy conservation programs. 52 Pa. Code § 62.3.<sup>15</sup>

We note that Peoples' EFSLR is a permanent universal service program within its LIURP and has been administered for more than seven years. While the Peoples' EFSLR and LIURP operate under separate budgets and prioritize and allocate services differently, both are funded by residential ratepayers and are subject to the universal service reporting requirements at 52 Pa. Code § 62.5(a)(2)(ii)(A)(II) (relating to annual residential collection and universal service and energy conservation program reporting requirements) regarding the actual number of completed jobs and spending data and the LIURP regulations at 52 Pa. Code Chapter 58 (relating to residential low income usage and reduction programs).

As reflected in Table 1, Peoples originally established the EFSLR budget levels from 2019 through 2024 based on a 3% increase for each subsequent program year to account for rising material and labor costs. 2019 USECP at 3, 23. Peoples has reported spending all of the 2024 budget of \$1,068,975, including \$392,234 of the 2025 budget, in program year 2024, subtracting expenses through February 2025, leaving approximately \$443,511 in EFSLR funds for the remainder of the 2025 program year. As shown in Table 1, Peoples now proposes to increase the EFSLR budget levels to \$1,500,000 for each program year from 2025 through 2028.

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<sup>15</sup> 52 Pa. Code § 62.3. Universal service and energy conservation program goals.

(a) The Commission will determine if the NGDC meets the goals of universal service and energy conservation programs.

(b) The general goals of universal service and energy conservation programs include the following:

(1) To protect consumers' health and safety by helping low-income customers maintain affordable natural gas service.

(2) To provide for affordable natural gas service by making available payment assistance to low-income customers.

(3) To help low-income customers conserve energy and reduce residential utility bills.

(4) To ensure universal service and energy conservation programs are operated in a cost-effective and efficient manner.

**Table 1. Peoples EFSLR Budget  
Approved 2019-2024, Proposed 2025-2028**

| <b>Program Year</b> | <b>EFSLR Budget</b> |
|---------------------|---------------------|
| 2019                | \$860,000           |
| 2020                | \$960,800           |
| 2021                | \$987,374           |
| 2022                | \$1,014,746         |
| 2023                | \$1,042,938         |
| 2024                | \$1,068,975         |
| 2025                | \$1,500,000         |
| 2026                | \$1,500,000         |
| 2027                | \$1,500,000         |
| 2028                | \$1,500,000         |

Source: 2019 USECP at 23; Peoples Petition, Attachment A at 1.

We are mindful that annual inflation rates affect the costs of labor and materials each year, including the costs for replacing new furnaces and boilers. The Commission has previously approved similar proposals from public utilities to revise their LIURP budgets, including programs within their LIURPs, to address a variety of factors such as higher costs due to inflation and policy changes.<sup>16</sup>

We recognize that Peoples’ EFSLR provides emergency furnace and line repair services to limited income customers including those who may be outside traditional LIURP eligibility. We are persuaded by the arguments made in the Peoples Petition that the EFSLR is not adequately funded and that, without increasing the annual budget levels, Peoples will not be able to sustain EFSLR services throughout each program year

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<sup>16</sup> For example, *see* PGW 2023-2027 USECP Order, Docket No. M-2021-3029323 (Order entered on January 12, 2023), at 51-52 and PPL 2023-2027 USECP Order, Docket No. M-2022-3031727 (Order entered on February 9, 2023), at 114-115.

for the duration of its current USECP. Therefore, we conclude that approving Peoples' proposal is appropriate and in the public interest.

### **CONCLUSION**

Accordingly, the Peoples Petition is granted. We approve Peoples' request to increase the annual EFSLR budget levels to \$1,500,000 for the years 2025 through 2028 and approve the proposed revisions to page 23 of its 2019 USECP; **THEREFORE,**

### **IT IS ORDERED:**

1. That the Petition to Amend the 2019-2024 Universal Service and Energy Conservation Plan, as filed by Peoples Natural Gas Company LLC on February 27, 2025, is approved.
2. That a copy of this Order be served on all parties to Docket Nos. M-2018-3003177, M-2020-3021343, and P-2025-3053645.

3. That the contact persons for this proceeding are Regina Carter, Bureau of Consumer Services, [regincarte@pa.gov](mailto:regincarte@pa.gov); Erin Tate, Law Bureau, [etate@pa.gov](mailto:etate@pa.gov); and Louise Fink Smith, Law Bureau, [finksmith@pa.gov](mailto:finksmith@pa.gov).

**BY THE COMMISSION,**



Rosemary Chiavetta  
Secretary

(SEAL)

ORDER ADOPTED: March 27, 2025

ORDER ENTERED: March 27, 2025