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File #: 210335

June 13, 2025

***VIA ELECTRONIC FILING***

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

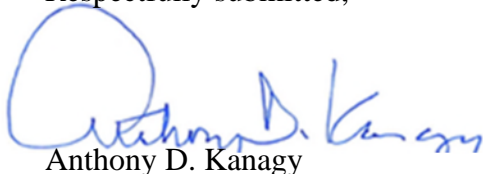
**Re: Pennsylvania Public Utility Commission, et al. v. Peoples Natural Gas Company LLC  
– 1307(f) Proceeding  
Docket Nos. R-2025-3053184, et al**

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Dear Secretary Homsher:

Attached for filing is the Joint Petition for Settlement and Statements in Support thereof on behalf of Peoples Natural Gas Company LLC in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Anthony D. Kanagy

ADK/dmc  
Attachments

cc: The Honorable Katrina L. Dunderdale (*via email; w/attachment*)  
Certificate of Service

## 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 E-MAIL

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Date: June 13, 2025



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Anthony D. Kanagy

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
Office of Consumer Advocate	:	
Office of Small Business Advocate	:	
Daniel Killmeyer	:	Docket Nos. R-2025-3053184, <i>et al.</i>
	:	
	:	
v.	:	
	:	
Peoples Natural Gas Company LLC	:	

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**JOINT PETITION FOR SETTLEMENT OF  
THE SECTION 1307(f) RATE INVESTIGATION**

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**TO ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE:**

Peoples Natural Gas Company LLC (“Peoples” or the “Company”), the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), and the Office of Consumer Advocate (“OCA”), parties to the above-captioned proceeding (hereinafter, collectively referred to as the “Joint Petitioners”), hereby file this Joint Petition for Settlement of the Section 1307(f), 66 Pa. C.S. § 1307(f), Rate Investigation (“Settlement”).<sup>1</sup> The Joint Petitioners respectfully request that Administrative Law Judge Katrina L. Dunderdale (the “ALJ”) recommend approval of, and the Commission approve, this Settlement as set forth below without modification. The Settlement resolves all of the issues that have been raised in Peoples’ 2025 Purchased Gas Cost (“PGC”) proceeding at Docket Nos. R-2025-3053184,

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<sup>1</sup> The Office of Small Business Advocate (“OSBA”) and the Pennsylvania Independent Oil & Gas Association (“PIOGA”) were both parties to this proceeding and do not oppose the Settlement. Both OSBA and PIOGA will file letters indicating their non-opposition to the Settlement separately. There was one customer complaint filed in this proceeding – Daniel Killmeyer at Docket No. C-2025-3055049. Mr. Killmeyer did not otherwise participate in this proceeding. The Company is serving a copy of this Settlement and Appendices on Mr. Killmeyer.

C-2025-3053503, C-2025-3054391 and C-2025-3055049. A table comparing the current rates, the proposed rates and the Settlement rates for each class is provided in **Appendix A** hereto.

Subject to the terms of the Settlement, the Joint Petitioners request that the Commission: (1) authorize Peoples to file the form of retail tariff supplement provided as **Appendix B** hereto, with rates to become effective October 1, 2025, subject to updates and tariff modifications<sup>2</sup>; (2) authorize Peoples to file the form of supplier tariff supplement provided as **Appendix C** and (3) make all associated findings required by Section 1307(f) and Section 1318 of the Public Utility Code, 66 Pa. C.S. §§ 1307(f), 1318.

In support of this Settlement, the Joint Petitioners state the following:

## **I. INTRODUCTION**

1. Peoples is a limited liability company formed under the laws of the Commonwealth of Pennsylvania for the purpose of providing natural gas transmission, distribution, and supplier of last resort services subject to the Commission’s regulatory jurisdiction.

2. Peoples is a “public utility” and a “natural gas distribution company” as those terms are defined in Sections 102 and 2202 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 102, 2202.

3. Because Peoples’ annual operating revenues derived from providing gas service to customers in Pennsylvania exceed \$40 million, the Company’s recovery of purchased gas costs is governed by Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f), and the Commission’s regulations at 52 Pa. Code §§ 53.61-53.65, 53.68.

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<sup>2</sup> The rates in Appendix B reflect the proposed gas cost rates, any quarterly rate changes that were effective March 1, 2025, and any settlement rate changes. The rates in Appendix B will be updated to reflect any changes as of October 1, 2025, when the final tariff supplements are filed. In addition, rates shown in Appendix B exclude the Wagner adjustment. Per this Settlement, once a final and unappealable resolution is reached, Peoples will include up to \$665,183 in the e-factor rate.

4. On January 31, 2025, Peoples made its PGC 60-day pre-filing (re: affiliated interests) with the Commission in compliance with Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f), and the Commission's regulations at 52 Pa. Code § 53.65.

5. On February 20, 2025, OCA filed a Notice of Appearance, Formal Complaint and Public Statement.

6. On February 27, 2025, OSBA filed a Notice of Appearance.

7. On February 28, 2025, Peoples made its PGC 30-day pre-filing with the Commission in compliance with Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f), and the Commission's regulations at 52 Pa. Code §§ 53.64, 53.65.

8. On March 28, 2025, I&E filed a Notice of Appearance.

9. On April 1, 2025, Peoples filed its unnumbered and undated Supplement to Tariff Gas – PA PUC No. 48, along with additional supporting data, exhibits, and written direct testimony. The Tariff Supplement set forth the specific rates proposed by Peoples for recovery of purchased gas costs effective on October 1, 2025.

10. Also on April 1, 2025, the ALJ issued a Prehearing Order, scheduling a Prehearing Conference in this matter for April 10, 2025, and requiring Prehearing Memoranda to be submitted by all parties by noon on April 9, 2025.

11. On April 3, 2025, OSBA filed a Formal Complaint and Public Statement.

12. On April 9, 2025, Peoples, I&E, OCA, OSBA, and PIOGA filed Prehearing Memoranda.

13. On April 10, 2025, the Prehearing Conference was held as scheduled. There, the parties agreed upon certain modifications to the Commission's rules, as well as a procedural schedule, among other things.

14. Also on April 10, 2025, PIOGA filed a Petition to Intervene.
15. On April 15, 2025, the ALJ issued a Prehearing Order.
16. On April 30, 2025, the OCA submitted Highly Confidential and Public versions of the Direct Testimony of Jerome D. Mierzwa.
17. On May 13, 2025, Peoples submitted Highly Confidential and Public versions of Statement No. 1-R the Rebuttal Testimony of Carol A. Scanlon.
18. On May 14, 2025, Peoples filed a Motion for Protective Order.
19. On May 15, 2025, Counsel for Peoples advised the ALJ that a Settlement in Principle had been agreed to or not opposed by all parties and requested that the Evidentiary Hearings be cancelled. As part of that request, Peoples' Counsel requested that the Joint Petitioners' respective pieces of testimony and exhibits be admitted into the record via Stipulation.
20. On May 16, 2025, the ALJ advised the parties that the witnesses were excused from appearing at the Evidentiary Hearing provided that the parties submitted a stipulation agreeing to admit the testimony and exhibits without cross examination. The ALJ also advised the parties that the hearing scheduled for May 22, 2025, would be held in order to discuss certain matters and to admit the testimony into the record.
21. On May 21, 2025, Peoples filed and served a Joint Stipulation for the Admission of evidence, along with its witnesses' verifications.
22. On May 22, 2025, a hearing was held as scheduled.
23. On May 27, 2025, the ALJ issued a Post-Hearing Order Granting the Joint Stipulation for Admission of Evidence.
24. The Joint Petitioners are in full agreement that the Settlement is in the best interest of Peoples, the Joint Petitioners, and Peoples' customers.

25. The Settlement agreed to by the Joint Petitioners is as follows:

## **II. SETTLEMENT TERMS**

### **A. WAGNER ADJUSTMENT**

26. Upon the final and unappealable resolution of the Wagner matter, Peoples will be permitted to include up to \$665,183 of the awarded damages incurred by the Company in the Company's e-factor for recovery when the amount of the awarded damages and the payment date for the awarded damages are determined. Further, Peoples retains the right to propose to recover additional damages, including interest, which may result from the Wagner matter, in future PGC proceedings. All parties reserve the right to review and address this issue in future proceedings.

### **B. AUDIT FINDINGS**

27. Peoples' proposal with respect to the change in storage valuation methodology is approved. *See Peoples Natural Gas Company Statement No. 1, pp. 10-12.*

28. Peoples' proposal to recover operation and maintenance expenses that are part of a Tap Agreement with a pipeline as PGC costs is approved. *See Peoples Natural Gas Company Statement No. 1, p. 12.*

29. Peoples' proposal to include supplier refunds in current period gas costs in the month that they are received by the Company is approved. *See Peoples Natural Gas Company Statement No. 1, pp. 13-14.*

### **C. AVC RATES**

30. Peoples' proposal to combine the AVC interstate pipeline capacity charges with Peoples' other interstate capacity charges is approved. *See Peoples Natural Gas Company Statement No. 3, pp. 11-12.*

31. Peoples' proposed balancing charge calculation, including the addition of AVC storage costs, is approved. *See Peoples Natural Gas Company Exhibit No. 11.*

**D. CUSTOMER RETAINAGE RATES**

32. Peoples' stand-alone tariffed retainage rate for all classes, except for Rate MLS customers, effective October 1, 2025 shall be 6.5%.

33. Peoples' Rate MLS retainage rate proposal is approved. *See Peoples Natural Gas Company Statement No. 1, pp. 8-10.*

**E. PRODUCER RETAINAGE RATES**

34. Peoples' producer retainage rate will continue to be 2.61% for all conventional production effective October 1, 2025.

35. The retainage rate for the Goodwin system shall be 42.3% for the period of October 1, 2025 to September 30, 2026.

**F. UNACCOUNTED FOR GAS ("UFG")**

36. The Parties acknowledge that Peoples' claim for UFG, based on the revised UFG report filed April 14, 2025, is accepted.

**G. MISCELLANEOUS**

37. The overrun and OFO charges incurred and included in this filing were prudently incurred and in compliance with the least cost gas standard.

38. Except as revised by this Settlement, the proposed rates and other requested approvals contained in the Peoples Natural Gas' 2025 PGC filing are approved.

39. In accordance with the provisions of 52 Pa. Code § 53.64(i)(5), Peoples compliance filing in this proceeding will reflect updated actual and projected over/under collections through September 30, 2026.

40. The parties agree that the Commission should approve the renewals and changes in gas supply, pipeline, and storage capacity contracts that are explained in Peoples Natural Gas Statement No. 2 and related exhibits included in the 1307(f)-2025 definitive filing.

### **III. RATE IMPACT OF SETTLEMENT**

41. The ALJ has directed the Joint Petitioners to set forth the following in their Joint Settlement Petition:

1. Current rates for each customer class;
2. Changes in gas costs for each customer class, identified in terms of dollar amounts and percentages of increase or decrease from the current rates; and
3. Impact upon each customer class (*i.e.*, under the proposed rate each customer would have paid X, and under the agreed-upon amount, each customer will pay Y).

42. Consistent with past proceedings, the requested information is set forth in the table in **Appendix A**.

### **IV. PROPOSED FINDINGS OF FACT**

43. Peoples pursues its goal of least cost reliable service through a combination of local and interstate assets and supplies. The local assets are Peoples' on system storage facility and a gathering and distribution system, which have allowed Peoples to deliver local natural gas supplies produced in Pennsylvania and purchased by Peoples from Pennsylvania producers (Peoples Natural Gas Company Statement No. 2, pp. 4-5.)

44. Peoples' interstate assets consist of a portfolio of transportation and storage services that Peoples has contracted for with various Federal Energy Regulatory Commission ("FERC")-regulated pipelines, including Eastern Gas Transmission and Storage, Inc. ("EGTS") (f/k/a Dominion Energy Transmission, Inc.), Texas Eastern Transmission LP ("TETCO"), Equitrans, L.P. ("Equitrans"), National Fuel Gas Supply Corporation ("NFG"), and Columbia Gas Transmission, LLC ("TCO"). The Company also has interconnects with Tennessee Gas Pipeline Company, LLC ("Tennessee" or "TGP"), but does not currently contract for either transportation or storage services on Tennessee. Those interstate assets give Peoples access to a variety of

locations at which it can receive gas supplies that are produced upstream of the Peoples system. The interstate storage assets allow Peoples to use its upstream assets more efficiently, mitigate the effects of price swings in the natural gas market, and enhance the deliverability of Peoples' interstate natural gas supplies during periods of peak demand. Peoples' interstate supplies are primarily EQT Energy, LLC ("EQT Energy") and other Appalachian-produced gas that it purchases from suppliers upstream of the Peoples system for delivery into various receipt points of the interstate pipelines and occasionally purchases on a delivered basis to the city-gate. (Peoples Natural Gas Company Statement No. 2, pp. 4-5.)

45. Over the 1307(f)-2025 historical period, Peoples' capacity portfolio included: (1) interstate pipeline transportation and storage services from Equitrans; (2) interstate pipeline transportation and storage services from EGTS; (3) interstate pipeline transportation service from TETCO; (4) interstate pipeline transportation and storage services from NFG; and (5) interstate pipeline transportation and storage service from TCO. In addition, Peoples purchases winter-only, firm, city-gate delivered supply via Tennessee, and winter-only, firm, city gate delivered supply via TETCO. Although these are gas purchase arrangements, Peoples treats them the same as interstate capacity for planning purposes because the Company requires deliveries at the respective delivery points and would pursue firm capacity at these points if firm city-gate delivered supply was not available. (Peoples Natural Gas Company Statement No. 2, p. 16.)

46. Beginning December 17, 2013, when the acquisition of Equitable Gas Company ("Equitable") closed, Equitrans began providing firm transportation and firm storage services from Equitrans's AVC to the Company. The AVC services consist of transportation service under Rate Schedule EFT, no-notice transportation service under Rate Schedule FTSS, and Storage Service under Rate Schedule GSS. The FTSS and GSS service agreements provide Peoples and its customers with

access to AVC storage capacity of 8.6 MMDth annually and maximum deliverability of 200,000 Dth per day. The EFT service agreement provides Peoples and its customers up to 251,700 Dth per day of firm transportation capacity. These service agreements provide for a total of 451,700 Dth per day of firm capacity on the AVC system. (Peoples Natural Gas Company Statement No. 2, p. 19.)

47. Beginning April 1, 2014, Equitrans began providing Peoples firm transportation service under Rate Schedule FTS from Equitrans's Mainline system. Gas transported under this agreement is sourced from receipt points on the Sunrise section of the Mainline system and delivered to Equitrans' Ginger Hill station, which is the point of interconnection between Equitrans' Mainline and AVC systems. The capacity is seasonal, and the maximum firm daily quantity is 251,700 Dth during November through March and 62,000 Dth during April through October. (Peoples Natural Gas Company Statement No. 2, pp. 19-20.)

48. In Peoples' 1307(f)-2024 proceeding, Peoples described the various service arrangements that would be in effect between Peoples and EGTS and the costs associated with them over what is now the 1307(f)-2025 historical period. In its final order in that proceeding, the Commission approved rates for the collection of Peoples' natural gas costs that included the costs associated with the Equitrans' service arrangements over what is now the 1307(f)-2025 historical period. (Peoples Natural Gas Company Statement No. 2, p. 21.)

49. For the 1307(f)-2025 historical period, EGTS provides service to Peoples under four service agreements and three rate schedules which all have an expiration date of March 31, 2034. EGTS provides year-round Rate FTNN no-notice transportation service at 40,000 Dth/day, Rate FT firm transportation service of 40,000 Dth/day, and Rate GSS storage service under two separate service agreements, one with capacity of 4.6 MMDth annually and maximum deliverability of 40,000 Dth/day and the other with capacity of 2.48 MMDth annually and up to

40,000 Dth/day of deliverability. These agreements promote service reliability in parts of the Peoples distribution system that are particularly well-suited for gas deliveries from EGTS. (Peoples Natural Gas Company Statement No. 2, p. 21.)

50. Under a service agreement with EGTS that expires on March 31, 2029, Peoples has 25,000 Dth/day of FT firm transportation service, 10,000 Dth/day of FT-GSS firm transportation service, and 10,000 Dth/day of GSS firm storage service with a total storage capacity of 600,000 Dth. Peoples additionally has 10,000 Dth/day of FT transportation service that expires October 31, 2025. (Peoples Natural Gas Company Statement No. 2, p. 22.)

51. TETCO provides Peoples with firm transportation service under Rate Schedule FT-1 and also delivers firm to the city-gate purchases made by Peoples from suppliers who are TETCO shippers. Peoples requires gas deliveries in the eastern portion of its service territory at Ebensburg, Delmont, Claysburg, and Rockwood and supplies into these delivery points are essential during the winter. Peoples purchases gas on TETCO and moves it over TETCO's facilities under its Rate FT-1 service agreement primarily to the Ebensburg and Delmont delivery points. Peoples also contracts with gas suppliers for the purchase of firm supply that is delivered on TETCO to Peoples' city-gates at the Claysburg and Rockwood delivery points in addition to occasionally supplementing the firm transportation deliveries at Ebensburg. TETCO also provides an operational balancing agreement that helps Peoples manage the unanticipated swings in demand at its physical interconnections with TETCO. (Peoples Natural Gas Company Statement No. 2, p. 23.)

52. Peoples had 15,650 Dth/day of FT-1 firm transportation service under contract from TETCO for the entire 1307(f)-2025 historical period. Gas supplies under this transportation contract, which expires on April 30, 2026, are delivered by TETCO primarily at Peoples' Ebensburg delivery

point located in TETCO's market zone M3. This service agreement may also be used to deliver gas supplies at Claysburg, also in M3, and Rockwood, which is upstream of Ebensburg in TETCO's market zone M2. Peoples plans to renew this TETCO FT-1 firm transportation service agreement during the 1307(f)-2025 projected period. (Peoples Natural Gas Company Statement No. 2, p. 24.)

53. Peoples proposed in the 1307(f)-2015 proceeding to put in place an arrangement for additional firm gas deliveries of up to 25,000 Dth per Day to the Ebensburg delivery point for the 2015-2016 winter period. In the following year's 1307(f)-2016 proceeding, Peoples recommended seeking proposals for similar arrangements for the following winter, and this recommendation was accepted. Subsequent Request for Proposals ("RFP") resulted in firm agreements covering each winter period from 2016-2017 through 2024-2025. This most recent winter included two days with 59 and 61 HDDs on January 20 and 11, 2025, respectively, when Peoples used the firm agreements to deliver approximately 25,700 Dth each day at Ebensburg, which assisted effectively to hold up gas service in the eastern portion of the Peoples service territory. (Peoples Natural Gas Company Statement No. 2, p. 26.)

54. Peoples can accept up to 11,000 Dth/day at its Rockwood interconnection with TETCO in TETCO's market zone M-2. Prior to 2007, Peoples satisfied this requirement with TETCO firm transportation capacity, but the M-2 firm transportation capacity was not renewed upon its March 31, 2007 expiration. Peoples then entered into a series of annual agreements for either firm delivered supply or for the purchase of released capacity that Peoples then matched with spot purchases that extended through the 2013-2014 winter period. For the next two winter seasons, Peoples satisfied its needs at this delivery point with delivered gas purchases. From 2017 through 2025, Peoples issued RFPs and contracted for firm delivered gas agreements for up to

10,000 Dth/day for each winter season. (Peoples Natural Gas Company Statement No. 2, pp. 26-27.)

55. In September 2024, Peoples issued an RFP for firm deliveries of up to 6,000 Dth/day at TETCO M2 Rockwood for the period of November 2024 through March 2025. Approximately twenty potential shippers were solicited, and one proposal was received. Peoples accepted the offer for up to 10,000 Dth/day at Rockwood. The accepted Rockwood proposal included a reservation charge of approximately \$12,000 per month or \$60,400 for the deal term. The deal allowed for combinations of baseload and daily calls for supply. Baseload supply would be priced at the INSIDE FERC's Gas Market 5 Report, Monthly Bidweek Spot Gas Price Index for Texas Eastern, M-2 Receipts for that month plus \$0.27. Daily supply would be priced Gas Daily midpoint pricing for Texas Eastern, M-2 Receipts reported for the day of flow plus \$0.27. There was no minimum call provision for baseload or daily supply to Rockwood. (Peoples Natural Gas Company Statement No. 2, p. 27.)

56. In June 2024, Peoples issued an RFP for firm deliveries of up to 31,000 Dth/day at TETCO M3 Ebensburg for the period of November 2024 through March 2025. Peoples received four proposals, from three companies, for Ebensburg supply. Peoples accepted the Ebensburg proposal which had no reservation charge for the term of the deal. The deal allows for combinations of baseload and daily calls for supply. TETCO administers a priority delivery ranking system of its capacity consisting of Interruptible, to P4, P3, P2 and P1. Interruptible is the most likely to be curtailed due to system conditions, while P1 is the least likely to be curtailed. Peoples expected to request capacity ranking at a particular ranking level at times when TETCO was likely to curtail and impose penalties, such as during an Operational Flow Order ("OFO"). Deliveries that Peoples called at a TETCO P4 ranking, would be priced at GDA TETCO M2

applicable for the date of flow, plus TETCO FT variable charges. Deliveries that Peoples called at a TETCO P3 ranking, would be priced at GDA TETCO M3 applicable for the date of flow. Calls for supply at P2 or P1 ranks would be negotiated at the time. There was no minimum call provision for baseload or daily supply to Peoples M3 meters. (Peoples Natural Gas Company Statement No. 2, p. 28.)

57. In Peoples' 1307(f)-2024 proceeding, Peoples described its service arrangements with TETCO and its intent to enter into arrangements for delivered gas on TETCO that would be in effect over what is now the 1307(f)-2025 historical period. Peoples also included estimated costs for these arrangements and described the reasons why Peoples entered into those firm supply arrangements. Under the settlement, the Parties agreed that the Commission should approve the Company's gas supply, pipeline and storage capacity contracts. In its final order in that proceeding, the Commission approved the settlement including the rates for the collection of Peoples' natural gas costs that included the costs associated with the TETCO service arrangements. (Peoples Natural Gas Company Statement No. 2, pp. 28-29.)

58. Similar to prior years, in addition to utilizing the FT contracts the Company holds with TETCO, the Company proposes to issue an RFP to potential suppliers for TETCO Zone M-2 delivered supply but up to 11,000 Dth/day for the winter period November 2025 through March 2026 to assist in balancing out Design Peak Day Requirements. The Company also proposes to issue a separate RFP to potential suppliers for TETCO Zone M-3 delivered supply up to 36,000 Dth/day for the winter period November 2025 through March 2026. Since the higher delivery ranking for its Zone M3 supply that the Company contracted for during the 2024/2025 winter season worked well at minimizing supply disruptions and overrun penalties, the Company plans to request this same level of service in its 2025 RFP process. This is because TETCO has increased the number

of OFOs it has normally issued for Zone M-3 deliveries, and the Company believes that this trend will continue due to the large electric generation load now attached to this part of TETCO's system. (Peoples Natural Gas Company Statement No. 2, p. 29.)

59. NFG provides Peoples with no-notice storage service and firm transportation service under rates approved by the FERC. Peoples uses NFG's services primarily to serve the isolated Grove City area of its service territory. Peoples uses its storage service from NFG as a no-notice balancing service to manage supply to an uncertain demand and as a way to reduce natural gas costs, by buying supplies when they generally are cheaper during the summer months and injecting them into storage, and to enhance reliability, by withdrawing the volumes from storage during the winter when demand is highest. Peoples utilizes its firm transportation service from NFG both to support the NFG storage service and for deliveries from other supply sources. (Peoples Natural Gas Company Statement No. 2, p. 30.)

60. During the entire 1307(f)-2025 historical period and for the first two months of the 1307(f)-2025 projected period, NFG provided 9,793 Dth/day of no-notice storage service to Peoples under its Rate ESS and 15,476 Dth/day of firm transportation service to Peoples under its Rate EFT. Peoples entered into both of those contracts in the mid-1990s, and the primary terms of those contracts expired on March 31, 2003. However, each of the contracts contains a one-year notice of termination provision so that if neither party gives the other one-year's notice of termination, the contracts automatically renew for another year. The contracts have automatically renewed on April 1 of each year since 2003 but this year, National Fuel requested that the term of this agreement be extended to March 31, 2030. Since Peoples requires this capacity to meet the needs of its customers in an operationally isolated portion of its service area and this National Fuel contract has worked well at fulfilling the supply needs in that area for over 30 years, Peoples plans

to execute an agreement extending this contract through March 31, 2030. (Peoples Natural Gas Company Statement No. 2, p. 31.)

61. In Peoples' 1307(f)-2024 proceeding, Peoples described the arrangements between Peoples and NFG that would be in effect, over what is now the 1307(f)-2025 historical period. Peoples also described the reasons why it entered into those arrangements and the costs associated with them. Under the settlement in the 2024 1307(f) proceeding, the parties agreed that the Commission should approve the Company's gas supply, pipeline, and storage capacity contracts. In its final order in that proceeding, the Commission approved the settlement including the rates for the collection of Peoples' natural gas costs that included the costs associated with the NFG service arrangements over what is now the 1307(f)-2025 historical period. (Peoples Natural Gas Company Statement No. 2, pp. 31-32.)

62. For the 1307(f)-2025 historical period, TCO provided Peoples firm transportation service under Rate FTS of up to 4,000 Dth/day along with firm storage service under Rate GSS and related firm transportation service under Rate SST of up to 2,000 Dth/day with a total storage capacity of 112,860 Dth with an expiration date of March 31, 2025. The Company utilizes the TCO services to maintain system integrity in the Fairview and Hickory Corners area of the system. (Peoples Natural Gas Company Statement No. 2, p. 32.)

63. The Company's TCO FTS, GSS and SST contracts expire on March 31, 2025. Peoples extended all of the contracts through March 2028 since the Company continues to have an operational need for this capacity, with regards to maintaining firm deliverability for that portion of its system currently served by these agreements. Additionally, Peoples plans to seek a 6,000 Dth/day winter-only supply deal delivered to its Fairview and Hickory Corners interconnects through an RFP process similar to what is planned for its TGP, and TETCO M2 and M3 supplies.

During this most recent winter which included two days with 59 and 61 HDDs on January 20 and 21, 2025 respectively, Peoples required additional supply at its TCO Fairview and Hickory Corners interconnects and was able to secure 6,000 Dth each day at these points. This assisted effectively in holding up gas service in the portion of Peoples service territory and allowed the Company to avoid TCO OFO penalties. (Peoples Natural Gas Company Statement No. 2, pp. 32-33.)

64. In Peoples' 1307(f)-2024 proceeding, Peoples described the arrangements between the Company and TCO that would be in effect, over what is now the 1307(f)-2024 historic period. Peoples also described the reasons why it entered into those arrangements and the costs associated with them. Under the settlement, the Parties agreed that the Commission should approve the Company's gas supply pipeline and storage capacity contracts. In the final order in that proceeding, the Commission approved the settlement including the rates for the collection of Peoples' natural gas costs that included the costs associated with the TCO service arrangements over what is now the 1307(f)-2025 historical period. (Peoples Natural Gas Company Statement No. 2, p. 33.)

65. Peoples annually issues an RFP for firm city gate delivered supply for the upcoming winter season. These delivered supply agreements require the supplier to utilize Tennessee pipeline delivery points directly into Peoples at Pittsburgh Terminal and Pulaski. In addition, the agreements also required deliveries into the Columbia Gas of Pennsylvania, Inc. ("CPA") natural gas distribution system at New Castle, PA. This supply supports an exchange agreement under which CPA delivers gas into the Grove City area of Peoples' service territory, which is not physically integrated with the rest of the Peoples system. (Peoples Natural Gas Company Statement No. 2, pp. 33-34.)

66. In September 2024, Peoples issued an RFP for deliveries to its TGP meters at Pitt Terminal (meter 420199) and Pittsburgh Terminal (meter 420385), Pulaski and New Castle, for

the period of November 2024 through March 2025. Approximately twenty potential suppliers were solicited, and three offers were received. Peoples entered into an agreement with the supplier to make deliveries ranging from zero Dth/day to 38,000 Dth/day. The agreement included no reservation fee for the deal term. The agreement specified baseload supply pricing at the INSIDE FERC's Gas Market Report, Monthly Bidweek Spot Gas Price Index for Tennessee, Zone 4- 200 Leg for that month plus \$0.145 per Dth. For daily requested quantities, the proposal specified pricing at Gas Daily midpoint pricing for Tennessee, Zone 4-200 Leg reported for the day of flow plus \$0.145 per Dth. There was no minimum call provision of baseload or daily supply associated with either of the deals. (Peoples Natural Gas Company Statement No. 2, pp. 34-35.)

67. In Peoples' 1307(f)-2024 proceeding, Peoples described its intention to issue RFPs for delivered service arrangements on Tennessee that would be in effect, over what is now the 1307(f)-2025 historical period. Peoples also included estimated costs for these arrangements and described the reasons why Peoples entered into those supply arrangements. Under the 1307(f)-2024 settlement, the Parties agreed that the Commission should approve the Company's gas supply, pipeline and storage capacity contracts. In its final order in that proceeding, the Commission approved the settlement including the rates for the collection of Peoples' natural gas costs that included the costs associated with this arrangement over what is now the 1307(f)-2025 historical period. (Peoples Natural Gas Company Statement No. 2, p. 35.)

68. The Company proposes to issue another RFP for firm delivered supply on Tennessee that will provide for delivery of natural gas on a firm basis for up to 35,000 Dth/day delivered to Peoples with 0 - 29,000 Dth/day delivered to Pittsburgh Terminal (meter 420199), 0 -3,000 Dth/day delivered to Pulaski, 0 - 3,000 Dth/day delivered to New Castle and 0 – 10,000

Dth/day delivered to Pittsburgh Terminal (meter 420385) for the winter period of November 2025 through March 2026. (Peoples Natural Gas Company Statement No. 2, pp. 35-36.)

69. Peoples currently owns and operates the five storage fields, which have 2,147,000 Mcf of storage capacity and 55,300 Mcf of maximum design day withdrawal capacity. (Peoples Natural Gas Company Statement No. 2, p. 39.)

70. There are two categories of natural gas costs that Peoples incurs to own and operate its on-system storage facilities. The first of those categories is the portion of Peoples' requirements for company use and lost and unaccounted for gas that was attributable to those facilities. The second is the weighted average cost that Peoples assigns to each Mcf that is injected into and withdrawn from its on system (and interstate) storage facilities. For the 1307(f)-2025 historical period, the weighted average cost was based on the cost of all supplies that Peoples acquired over calendar year 2024. The total weighted average costs that Peoples assigned to injections into and withdrawals from storage over the historical period were those set forth on Peoples Natural Gas Company Exhibit No. 6. (Peoples Natural Gas Company Statement No. 2, pp. 39-40.)

71. In Peoples' 1307(f)-2024 proceeding, Peoples set forth projections regarding the use of on-system storage over what is now the 1307(f)-2025 historical period. In that proceeding, Peoples described the projected weighted average costs assigned to the supplies that Peoples anticipated injecting into and withdrawing from its on-system and interstate storage facilities over that same period. In its final order in that proceeding, the Commission approved rates for the collection of Peoples' natural gas costs that included the weighted average costs of supplies that Peoples anticipated injecting into and withdrawing from storage over what is now the 1307(f)-2025 historical period. The rates approved by the Commission also included the cost of Peoples' projected requirements for company use and lost or unaccounted for gas, including the portion of

those requirements attributable to its on-system storage facilities. (Peoples Natural Gas Company Statement No. 2, p. 40.)

72. Peoples projects to incur the weighted average costs of supplies injected into and withdrawn from storage that were set forth on Peoples Natural Gas Company Exhibit Nos. 7 and 8. While Peoples has done its best to anticipate what those weighted average costs will be, when the Company looks back next year, the weighted average costs likely will be different than what Peoples is projecting here, again because of the inability to predict the exact price of market-priced supplies. (Peoples Natural Gas Company Statement No. 2, p. 41.)

73. Peoples and its customers continue to purchase a substantial amount of their gas supply from Pennsylvania and Appalachian producers. Year-round base load gas supply is purchased by the Company from approximately 191 local Pennsylvania producers at approximately 1050 supply meters. The majority of this gas is produced from conventional gas wells drilled into shallow upper Devonian formations (approximately 4,000 ft.). Over the last 100 years, the Company's pipeline system has been designed and operated to accommodate local supply, which must be delivered at varying pressures. (Peoples Natural Gas Company Statement No. 2, p. 41.)

74. The deliverability of Pennsylvania gas has historically declined as the gas wells age. Such decline is characteristic of these small volume local wells and thus, over time, deliverability of existing wells will continue to fall as these wells are depleted. Over the last several years, the decline in new shallow well development resulted in production from the new gas wells failing to offset the production deliverability declines of the existing Pennsylvania gas wells. Production from Marcellus wells has accounted for roughly 22% of the total local production into Peoples' system. Adding new Marcellus gas is limited due to the lower operating pressures of the

gathering system and most Marcellus production is sold to the transport market since its steady, year-round supply matches up better with the less heat sensitive large industrial load. (Peoples Natural Gas Company Statement No. 2, pp. 41-42.)

75. In Peoples' 1307(f)-2024 proceeding, Peoples described its contracts for local gas supplies that would be in effect over what is now the 1307(f)-2025 historical period. Under the settlement, the Parties agreed that the Commission should approve the Company's gas supply, pipeline and storage capacity contracts. In its final order in that proceeding, the Commission approved the settlement including the rates for the collection of Peoples' natural gas costs that included the costs associated with the local gas contracts over what is now the 1307(f)-2025 historical period. (Peoples Natural Gas Company Statement No. 2, p. 44.)

76. Besides the Vintage and Dedicated gas purchase agreements, which only represent a small percentage of the total local supply purchased, all of the Company's other local gas supply contracts are subject to renegotiation due to the evergreen nature of the agreements. During the 1307(f)-2025 historical period, more local production meters switched from system supply to transportation agreements than vice versa which resulted in the amount of local supplies Peoples purchased for its customers being approximately 20% less than for the 1307(f)-2024 historical period. (Peoples Natural Gas Company Statement No. 2, p. 44.)

77. Peoples uses the spot market to purchase a substantial amount of its natural gas requirements. A large portion of its interstate supply deals are done as day-ahead deals and reference a published index for pricing, allowing the final pricing to be determined by the market. Along with its local gas supplies, these are the supplies that Peoples uses to meet the demands of those customers who continue to buy their supplies from Peoples. These are also the supplies that

Peoples uses its various interstate pipeline assets to transport and store. (Peoples Natural Gas Company Statement No. 1, p. 45.)

78. Peoples continually adjusts its daily supply plan based on actual and projected daily weather and customer usage. As part of that process, Peoples determines if additional supply is required at various parts of its system or, during the storage injection season, at various off-system storage receipt points. Peoples monitors the New York Mercantile Exchange (“NYMEX”) futures prices and the Intercontinental Exchange (“ICE”) cash and forward prices, and monitors various spot market gas index prices for areas from which it purchases spot market supplies. With this information, Peoples will determine the least cost option to serve areas of its system that requires additional supply. Peoples is in frequent contact with many gas suppliers who will agree to deliver spot market supplies to pipeline receipt points from which Peoples is able to secure transportation to its city gate or to storage receipt points pursuant to off-system storage contracts. (Peoples Natural Gas Company Statement No. 2, p. 46.)

79. Since 2010, Peoples has been working to reduce UFG. The Company’s UFG volume was 7.0 Bcf in 2017, which resulted in a loss rate of 4.46%. For the period ending August 31, 2024, the overall Company system amount was 6.18 Bcf, which resulted in an overall system loss rate of 4.57%, or 12% less during this recent 5-year period. The two main components of the Company’s overall UFG are Distribution UFG and Gathering UFG. Distribution UFG for the last reporting period is 3.99 Bcf which results in a loss rate of 3.05% which is at the Commission’s targeted loss rate for Distribution UFG. The Gathering UFG for the 2024 reporting period is 2.2 Bcf and equates to a loss rate of 7.03%, down from 9.83% in 2017 when the Company began the most recent mitigation plan. (Peoples Natural Gas Company Statement No. 5, pp. 4-5.)

80. Despite the efforts to reduce UFG, Peoples remains challenged to reduce UFG on its pipelines that gather gas from local production wells. The Peoples gathering system is comprised of older (mostly pre-1970), low pressure pipe, much of which has provided service for producers and customers for many years and is nearing the end of its useful life. The customers are generally scattered across the gathering system in relatively rural areas, although there are a very few areas where there are high concentrations of customers. Since the Commission adopted regulations beginning in 2014 requiring industry-wide UFG reporting, Peoples has segmented the loss attributable to the gathering pipelines from the loss attributable to other functional pipeline systems. (Peoples Natural Gas Company Statement No. 5, p. 5.)

81. The Company has seen less and less local gas delivered into the Company's lines in recent years due to normal production declines and decreased new drilling in these systems. As the total amount of gas entering the gathering system is reduced, the same volumetric loss would result in a higher UFG rate. In fact, a lower volumetric loss can still result in an increased UFG rate because there is less gas flowing through the system. The production declined by more than 11.5 BCF since 2017 and by more than 2.0 BCF or 5.8% during the latest period, so the decreased production has impacted UFG rates. Had the 2024 production stayed at the same rate as it was in 2023, the 2024 loss rate would have been 6.61%. (Peoples Natural Gas Statement No. 5, p. 6.)

82. Peoples began working on its UFG mitigation plan even before it was filed in Docket Nos. R-2018-2645278 and R-2018-3000236. Peoples Exhibit No. 13 is a summary of the specific actions taken since the 2018 plan inception and an update of ongoing activities though the current PGC period. (Peoples Natural Gas Company Statement No. 5, p. 7-8.)

83. The Company continues to focus on its major gathering systems. Additionally, the Company has installed upgraded measurement on two projects and will complete two more projects at storage facilities for 2025. (Peoples Natural Gas Company Statement No. 5, p. 8.)

84. In addition, Peoples continued its audit process of producer meters and, as a result, found a number of wells that were operating outside of the Company's standards and, in some cases, contributing to UFG. Peoples acted in each of these cases to have the issues remedied, which in many cases resulted in shutting in the production. (Peoples Natural Gas Company Statement No. 5, p. 8.)

85. In addition, the following activities were performed: (1) expired and removed 80 zero flow production meters; (2) corrected 88 standards issues; and (3) completed 1263 meter service/repair orders. (Peoples Natural Gas Company Statement No. 5, p. 8.)

86. The producers are the primary beneficiaries of the gathering system and should contribute to the costs of the UFG. Through the allocation of some of the gathering system losses to the producers whose gas flows on those systems, the Company will continue to incent the producers to partner with Peoples in developing UFG mitigation initiatives, which has produced a number of cooperative system improvements. Therefore, with UFG being an unavoidable cost component of gathering and delivering local gas, and with both producers and customers benefitting from it, it is appropriate for both producers and customers to pay a portion of the UFG costs. (Peoples Natural Gas Company Statement No. 5, p. 11.)

87. Peoples monitors and participates in various proceedings before the Federal Energy Regulatory Commission ("FERC") as a means of assuring for Peoples' ratepayers the future availability of reasonably priced, reliable gas supplies. (Peoples Natural Gas Company Statement No. 1, p. 6.)

88. Peoples undertakes legal action as necessary to protect the interests of its ratepayers. (Peoples Natural Gas Company Exhibit No. 2; Peoples Natural Gas Company Statement No. 1, pp. 5-7.)

**V. STANDARDS, FINDINGS, AND PROPOSED CONCLUSIONS OF LAW**

89. The Commission has jurisdiction over the parties and subject matter of this proceeding. 66 Pa.C.S. §§ 1307(f), 1317-18.

90. With respect to Peoples' gas purchases and gas purchasing practices during the 12-month historical reconciliation period ended January 31, 2025, it is requested that the ALJ and the Commission find that Peoples has met the standards of Section 1318 of the Public Utility Code, 66 Pa. C.S. § 1318, as required by Section 1307(f)(5) of the Public Utility Code, 66 Pa. C.S. § 1307(f)(5), as to all actual purchased gas costs in the historical period. It is requested that the Commission find that during the 12 months ended January 31, 2025:

- a. Peoples met the requirements of Section 1318(a) of the Public Utility Code by pursuing a least-cost fuel procurement policy, consistent with its obligations to provide safe, adequate, and reliable service to its customers; and
- b. All gas exchanges by Peoples with entities that are considered an affiliated interest have met the requirements of Section 1318(b) of the Public Utility Code relating to purchases from and services provided by entities that are considered affiliates.

91. Peoples has fully and vigorously represented the interests of its ratepayers in proceedings before FERC and other relevant non-Commission proceedings during the relevant time period in compliance with 66 Pa.C.S. § 1318(a)(1).

92. Peoples has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the Company from terms in existing contracts with its gas suppliers which

are or may be adverse to the interests of the Company's ratepayers in compliance with 66 Pa.C.S. § 1318(a)(2).

93. Peoples has taken all prudent steps necessary to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies in compliance with 66 Pa.C.S. § 1318(a)(3).

94. Peoples has not withheld from the market or caused to be withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy in compliance with 66 Pa.C.S. § 1318(a)(4).

95. Peoples has fully and vigorously attempted to obtain less costly gas supplies on both short-term and long-term bases from nonaffiliated interests in compliance with 66 Pa.C.S. § 1318(b)(1).

96. Neither Peoples nor its affiliated interests have withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy in compliance with 66 Pa.C.S. § 1318(b)(3).

97. During the eight-month interim period beginning February 1, 2025, and the projected 12-month period beginning October 1, 2025, when rates contained in this Settlement will be in effect,<sup>3</sup> it is requested that the Commission find, based upon information presently available and based upon evidence of record in this proceeding concerning Peoples' projected purchases and purchasing policies, that the rates to be adopted by the Commission result from Peoples' compliance with the provisions of Section 1318 of the Public Utility Code, including subsections (a)(1)-(4) and (b)(1)-(3). 66 Pa. C.S. § 1318(a)(1)-(4), (b)(1)-(3). It is expressly understood and

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<sup>3</sup> The proposed tariff rates effective October 1, 2025, will be updated to reflect actual and projected over/undercollections through September 30, 2026.

agreed that this finding is made solely for the purpose of setting prospective rates that shall continue to be subject to the standards of Section 1318 of the Public Utility Code, 66 Pa. C.S. § 1318, and to further review in an appropriate future proceeding. This provision is not intended to limit or prevent the parties from reviewing, after such projected gas purchases actually have been made and gas purchasing practices actually have been implemented, whether Peoples' gas purchases and gas purchasing practices complied with Section 1318. If in an appropriate future proceeding Peoples' gas purchases and gas purchasing practices from February 1, 2025, through September 30, 2026, were challenged, the Commission's findings based upon this provision shall not bar the examination of such purchases and practices, including, but not limited to, disallowance of or reductions to such costs during the eight-month interim period commencing February 1, 2025, and the 12-month application period commencing October 1, 2025, and ending September 30, 2026.

98. The Joint Petition for Settlement is in the public interest.

## **VI. PROPOSED ORDERING PARAGRAPHS**

99. That the Settlement among Peoples Natural Gas Company LLC, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement, and the Office of Consumer Advocate in the above-captioned case is hereby approved and adopted.

100. That Peoples Natural Gas Company LLC shall file retail and supplier tariff supplements to become effective on October 1, 2025, on not less than one-day's notice of the final Commission order approving the Settlement, containing changes in rates to provide for the recovery of its costs of purchased gas, consistent with the terms and conditions of the Settlement.

101. That Peoples Natural Gas Company LLC, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement, and the Office of Consumer Advocate shall comply with the terms and conditions of the Settlement submitted in this proceeding as though each term and condition stated therein had been subject of an individual ordering paragraph.

102. That upon Peoples Natural Gas Company LLC's filing of tariff supplements acceptable to the Commission as conforming with this order and the Settlement and the Commission's approval thereof, the purchased gas rates established therein shall become effective for service rendered on and after October 1, 2025.

103. That the complaint filed by the Office of Consumer Advocate in this proceeding at Docket No. C-2025-3053503 be marked closed.

104. That the complaint filed by the Office of Small Business Advocate in this proceeding at Docket No. C-2025-3054391 be marked closed.

105. That the complaint filed by Daniel Killmeyer in this proceeding at Docket No. C-2025-3055049 be marked closed.

106. That the investigation at Docket No. R-2025-3053184 be marked closed.

## **VII. THE PUBLIC INTEREST**

107. This Settlement was achieved by the Joint Petitioners after an extensive investigation of Peoples' filing, including extensive formal discovery and the service of written direct testimony by Peoples and OCA, and written rebuttal testimony by Peoples.

108. Acceptance of the Settlement avoids the necessity and costs of further administrative and potential appellate proceedings.

109. The Settlement provides for the recovery of natural gas costs that are just and reasonable given the positions advanced in the testimony and exhibits of the various parties.

110. Attached as **Appendices D through F** are Statements in Support submitted by Peoples, I&E, and OCA setting forth the bases upon which they believe the Settlement is in the public interest.

111. OSBA and PIOGA are submitting letters indicating their non-opposition to the Settlement separate and apart from this Settlement Petition.

### **VIII. CONDITIONS OF SETTLEMENT**

112. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Settlement without modification. This Settlement shall become effective on the date on which the Commission enters a final order that adopts the terms and conditions of this Settlement. If the Commission enters a final order that approves this Settlement, but with one or more modifications, this Settlement shall nonetheless become effective unless one or more of the Joint Petitioners elects to withdraw from the Settlement. Such election to withdraw must be made in writing, filed with the Secretary of the Commission, and served upon all parties within five business days after the entry of an Order modifying the Settlement. In such event, the Settlement shall be void and of no effect.

113. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding, resulting in the establishment of rates that are just and reasonable.

114. This Settlement is proposed by the Joint Petitioners to settle all of their issues in the instant proceeding. If the Commission does not approve the Settlement and the proceedings

continue, the Joint Petitioners reserve their respective rights to present additional testimony and to conduct full cross-examination, briefing, and argument. The Settlement is made without any admission against, or prejudice to, any position that any party may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

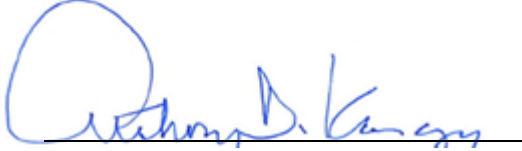
115. The Joint Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any party's position with respect to any issues raised in this proceeding. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

116. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner which is fair and reasonable. The Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of the Settlement. This Settlement does not preclude the Joint Petitioners from taking other positions in proceedings of other public utilities under Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f), or any other proceeding.

**IX. CONCLUSION**

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request that:  
(1) the Honorable Administrative Law Judge Katrina L. Dunderdale recommend approval of and the Commission approve this Settlement, including all terms and conditions thereof without modification, and make the findings contained therein; and (2) the Commission enter a final order approving this Settlement.

Respectfully submitted,



Date: 06/13/2025

Anthony D. Kanagy Esquire  
Post & Schell, P.C.  
17 North Second Street  
12<sup>th</sup> Floor  
Harrisburg, PA 17101-1601

Meagan Moore, Esquire  
PNG Companies LLC  
375 North Shore Drive  
Pittsburgh, PA 15212

*For Peoples Natural Gas Company LLC*



6/13/2025  
Date: \_\_\_\_\_

Carrie B. Wright, Esquire  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building 400  
Office of Consumer Advocate  
North Street, 2<sup>nd</sup> Floor West  
Harrisburg, PA 17105-3265

*For the Bureau of Investigation and  
Enforcement*

*/s/ Ryan Morden*

Date: 06/13/2025

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Harrison Breitman, Esquire  
Ryan Morden, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923

*For Office of Consumer Advocate*

# **APPENDIX A**

<b>Peoples Natural Gas</b>											
<u>Rate Schedule</u>	<u>Average Annual Usage (Mcf)</u>	<u>Existing Tariff Rates 1/</u>	<u>As-Filed Gas Cost Change</u>	<u>Percent Change</u>	<u>Settlement Gas Cost Change 2/</u>	<u>Settlement Gas Cost Change 3/</u>	<u>Wagner Inclusion Percentage Change</u>	<u>Wagner Exclusion Percentage Change</u>	<u>Annual Bill As-Filed</u>	<u>Annual Bill Settlement 2/</u>	<u>Annual Bill Settlement 3/</u>
RS	80	\$11.8985	\$0.9554	8.0%	\$0.0000	(\$0.0113)	0.00%	-0.09%	\$1,229	\$1,229	\$1,228
SGS	250	\$9.5255	\$0.9907	10.4%	\$0.0000	(\$0.0111)	0.00%	-0.11%	\$2,891	\$2,891	\$2,889
MGS	1,750	\$8.9897	\$1.2381	13.8%	\$0.0000	(\$0.0111)	0.00%	-0.11%	\$19,103	\$19,103	\$19,083
LGS	50,000	\$7.5640	\$1.5293	20.2%	\$0.0000	(\$0.0111)	0.00%	-0.12%	\$472,128	\$472,128	\$465,315

1/ Peoples Natural Gas net billing rate effective March 1, 2025.

2/ Including Wagner Adjustment

3/ Excluding Wagner Adjustment

# **APPENDIX B**

# PEOPLES NATURAL GAS COMPANY LLC

## RATES AND RULES GOVERNING THE FURNISHING OF NATURAL GAS SERVICE TO RETAIL GAS CUSTOMERS

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

BY: **Michael Huwar**  
**President**  
**375 North Shore Drive**  
**Pittsburgh, PA 15212**

### NOTICE

1307(f)-2025 ANNUAL GAS COST FILING

This tariff makes changes to existing rates.  
(See page 2)

LIST OF CHANGES

<u>RATE CHANGES</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase/ (Decrease)</u>
<b><u>Rate GS-SB</u></b>			
Rate RS, SGS, MGS, LGS	\$1.2446	\$1.7860	\$0.5414
<b><u>Rider PGC</u></b>			
<b><u>Rate RS, SGS, MGS, LGS, NGPV</u></b>			
Capacity Charge	\$1.2446	\$1.7860	\$0.5414
Gas Cost Adjustment Charge	(\$0.0358)	\$0.5097	\$0.5455
Natural Gas Supply Charge	\$3.5884	\$4.1439	\$0.5555
<b><u>Rider MFC – Merchant Function Charge</u></b>			
RS	\$0.1055	\$0.1417	\$0.0362
SGS, MGS, LGS	\$0.0159	\$0.0214	\$0.0055
RS-T	\$0.0274	\$0.0393	\$0.0119
<b><u>Balancing Charges</u></b>			
SGS, MGS	\$0.4199	\$0.8300	\$0.4101
LGS	\$0.1048	\$0.1740	\$0.0692
<b><u>Retainage Charges</u></b>			
	5.8%	6.5%	0.7%

OTHER CHANGES

<u>Page</u>	<u>Page Description</u>	<u>Revision Description</u>
5	Table of Contents	Removed AVC language
33	Rules and Regulations	Removed AVC language
58	Rate GS-T	Removed AVC language
62	Rate MLS – Mainline Service	Retainage language added
68/69	Rider Purchased Gas Costs	Removed AVC language. Added Supplier Refund Language.
70/71	Rider AVC Capacity Charge	Removed pages
82	DSIC	Removed AVC language.

	Rider Purchased Gas Costs				Base Rate Charges (5)	Rider STAS (6)	Rider MFC (7)	Rider Supplier Choice (8)	Rider USR (9)	Rider GPC (10)	Rider DSIC Charge (11)	Rider TRS (12)	Former Peoples Gas Customers	Former Peoples Natural Gas Customers
	Capacity (1)	AVC Capacity (2)	GCA (3)	Commodity (4)									RIDER TCJA 3/ (13)	Total Rate (14=SUM 1 to 12)
<b>Residential Sales</b>														
Customer Charge					\$ 16.80	0.00%		\$ 0.0080			\$ -	\$ (0.1131)	\$ (0.0686)	\$ 16.6949
Capacity	\$ 1.7860	\$ -					\$ 0.0393							\$ 1.8253
Price to Compare - PTC			\$ 0.5097	\$ 4.1439			\$ 0.1024		\$ 0.0865					\$ 4.8425
Delivery Charge					\$ 5.3537			\$ 0.8571		\$ -	\$ (0.0360)	\$ (0.0219)		\$ 6.1748
State Tax Surcharge						\$ -								\$ -
Total per MCF							\$ 0.1417							\$ 12.8426
<b>Small General Service (SGS)</b>														
Customer Charge														
0 to 499 MCF/Yr					\$ 22.00		\$ 0.0080			\$ -	\$ (0.1481)	\$ (0.0898)		\$ 21.8599
500 to 999 MCF/Yr					\$ 44.00		\$ 0.0080			\$ -	\$ (0.2961)	\$ (0.1796)		\$ 43.7119
1/ Capacity	\$ 0.8300	\$ -												\$ 0.8300
Price to Compare - PTC	\$ 0.9560		\$ 0.5097	\$ 4.1439			\$ 0.0214		\$ 0.0865					\$ 5.7175
Delivery Charge					\$ 3.9844					\$ -	\$ (0.0268)	\$ (0.0163)		\$ 3.9576
State Tax Surcharge						\$ -								\$ -
Total per MCF	\$ 1.7860													\$ 10.5051
<b>Medium General Service (MGS)</b>														
Customer Charge														
1,000 to 2,499 MCF/Yr					\$ 101.00					\$ -	\$ (0.6797)	\$ (0.4122)		\$ 100.3203
2,500 to 24,999 MCF/Yr					\$ 145.00					\$ -	\$ (0.9759)	\$ (0.5918)		\$ 144.0242
1/ Capacity	\$ 0.8300	\$ -												\$ 0.8300
Price to Compare - PTC	\$ 0.9560		\$ 0.5097	\$ 4.1439			\$ 0.0214		\$ 0.0865					\$ 5.7175
Delivery Charge					\$ 3.6941					\$ -	\$ (0.0249)	\$ (0.0151)		\$ 3.6692
State Tax Surcharge						\$ -								\$ -
Total per MCF	\$ 1.7860													\$ 10.2167
<b>Large General Service (LGS)</b>														
Customer Charge														
25,000 to 49,999 MCF/Yr					\$ 940.00					\$ -	\$ (6.3262)	\$ (3.8366)		\$ 933.6738
50,000 to 99,999 MCF/Yr					\$ 1,465.00					\$ -	\$ (9.8595)	\$ (5.9793)		\$ 1,455.1406
100,000 to 199,999 MCF/Yr					\$ 2,130.00					\$ -	\$ (14.3349)	\$ (8.6935)		\$ 2,115.6651
Over 200,000 MCF/Yr					\$ 5,630.00					\$ -	\$ (37.8899)	\$ (22.9785)		\$ 5,592.1101
1/ Capacity	\$ 0.1740	\$ -												\$ 0.1740
Price to Compare - PTC	\$ 1.6120		\$ 0.5097	\$ 4.1439			\$ 0.0214		\$ 0.0865					\$ 6.3735
Delivery Charge														
25,000 - 49,999 MCF/Yr					\$ 2.6360	\$ -				\$ -	\$ (0.0177)	\$ (0.0108)		\$ 2.6183
50,000 - 99,999 MCF/Yr					\$ 2.5519	\$ -				\$ -	\$ (0.0172)	\$ (0.0104)		\$ 2.5347
100,000 - 199,999 MCF/Yr					\$ 2.4335	\$ -				\$ -	\$ (0.0164)	\$ (0.0099)		\$ 2.4171
200,000 to 749,999 MCF/Yr					\$ 2.1937	\$ -				\$ -	\$ (0.0148)	\$ (0.0090)		\$ 2.1789
750,000 to 1,999,999 MCF/Yr					\$ 1.9097	\$ -				\$ -	\$ (0.0129)	\$ (0.0078)		\$ 1.8968
Over 2,000,000 MCF/Yr					\$ 1.4431	\$ -				\$ -	\$ (0.0097)	\$ (0.0059)		\$ 1.4334
2/ Total per MCF	\$ 1.7860													\$ 9.1658
<b>Mainline Service (MLS)</b>														
Customer Charge														
Over 200,000 MCF/Yr					\$ 5,630.00					\$ (37.8899)	\$ (22.9785)			\$ 5,592.1101
1/ Capacity	\$ 0.1740	\$ -												\$ 0.1740
Price to Compare - PTC	\$ 1.6120		\$ 0.5097	\$ 4.1439			\$ 0.0214		\$ 0.0865					\$ 6.3735
Delivery Charge														
PNG transmission line					\$ 0.7430					\$ (0.0050)	\$ (0.0030)			\$ 0.7380
Interstate pipeline					\$ 0.4422					\$ (0.0030)	\$ (0.0018)			\$ 0.4392
Total per MCF														\$ 7.2855

1/ The Price-to-Compare format as shown is applicable to a Non-Priority One customer; the Price-to-Compare Charge for a Priority One customer would not include the Capacity Charge.

See the Residential - Sales section above as an example of Priority One.

2/ The Total per MCF displayed for Retail LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.

3/ The Rider TICA Temporary Surcharge applies to former Peoples Gas Division customers.

4/ In addition to the above listed rates the Weather Normalization Adjustment applies during October through May billing months.

5/ The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.

PEOPLES NATURAL GAS COMPANY LLC

PRO FORMA TO GAS—PA PUC NO. 48

REVISÉD PAGE NO. 4

CANCELLING REVISED PAGE NO. 4

	Base Rate Charges (1)	Rider STAS (2)	Rider MFC (3)	Rider USR (4)	Rider Purchased Gas Costs Capacity (5)	AVC Capacity (6)	Balancing Charge (7)	Rider Supplier Choice (8)	Rider DSIC Charge (9)	Rider TRS (10)	Former Peoples Gas Customers RIDER TCJA 3/ (11)	Former Peoples Natural Gas Total Rate (12=SUM 1 to 10)	Former Peoples Gas Customers Total Rate (13=SUM 1 to 11)
<b>Rate GS-T Residential</b>		0.00%							0.00%	-0.6730%	-0.4081%		
Customer Charge	\$ 16.8000						\$ 0.0080	\$ -	\$ (0.1131)	\$ (0.0686)		\$ 16.6949	\$ 16.6264
Capacity			\$ 0.0393		\$ 1.7860	\$ -						\$ 1.8253	\$ 1.8253
Delivery Charge	\$ 5.3537			\$ 0.8571				\$ -	\$ (0.0360)	\$ (0.0219)		\$ 6.1748	\$ 6.1529
State Tax Surcharge		\$ -										\$ -	\$ -
Total per MCF												\$ 8.0001	\$ 7.9782
<b>Rate GS-Transportation SGS</b>													
Customer Charge													
0 to 499 MCF/Yr	\$ 22.0000						\$ 0.0080	\$ -	\$ (0.1481)	\$ (0.0898)		\$ 21.8599	\$ 21.7701
500 to 999 MCF/Yr	\$ 44.0000						\$ 0.0080	\$ -	\$ (0.2961)	\$ (0.1796)		\$ 43.7119	\$ 43.5323
1/ Capacity/BB&A					\$ -	\$ 0.8300						\$ 0.8300	\$ 0.8300
Delivery Charge	\$ 3.9844							\$ -	\$ (0.0268)	\$ (0.0163)		\$ 3.9576	\$ 3.9413
State Tax Surcharge		\$ -										\$ -	\$ -
Total per MCF												\$ 4.7876	\$ 4.7713
<b>Rate GS-Transportation MGS</b>													
Customer Charge													
1,000 to 2,499 MCF/Yr	\$ 101.0000							\$ -	\$ (0.6797)	\$ (0.4122)		\$ 100.3203	\$ 99.9080
2,500 to 24,999 MCF/Yr	\$ 145.0000							\$ -	\$ (0.9759)	\$ (0.5918)		\$ 144.0242	\$ 143.4323
1/ Capacity/BB&A					\$ -	\$ 0.8300						\$ 0.8300	\$ 0.8300
Delivery Charge	\$ 3.6941							\$ -	\$ (0.0249)	\$ (0.0151)		\$ 3.6692	\$ 3.6541
State Tax Surcharge		\$ -										\$ -	\$ -
Total per MCF												\$ 4.4992	\$ 4.4841
<b>Rate GS-Transportation LGS</b>													
Customer Charge													
25,000 to 49,999 MCF/Yr	\$ 940.0000							\$ -	\$ (6.3262)	\$ (3.8366)		\$ 933.6738	\$ 929.8372
50,000 to 99,999 MCF/Yr	\$ 1,465.0000							\$ -	\$ (9.8595)	\$ (5.9793)		\$ 1,455.1406	\$ 1,449.1612
100,000 to 199,999 MCF/Yr	\$ 2,130.0000							\$ -	\$ (14.3349)	\$ (8.6935)		\$ 2,115.6651	\$ 2,106.9716
Over 200,000 MCF/Yr	\$ 5,630.0000							\$ -	\$ (37.8899)	\$ (22.9785)		\$ 5,592.1101	\$ 5,569.1316
1/ Capacity/BB&A					\$ -	\$ 0.1740						\$ 0.1740	\$ 0.1740
Delivery Charge													
25,000 - 49,999 MCF/Yr	\$ 2.6360	\$ -						\$ -	\$ (0.0177)	\$ (0.0108)		\$ 2.6183	\$ 2.6075
50,000 - 99,999 MCF/Yr	\$ 2.5519	\$ -						\$ -	\$ (0.0172)	\$ (0.0104)		\$ 2.5347	\$ 2.5243
100,000 - 199,999 MCF/Yr	\$ 2.4335	\$ -						\$ -	\$ (0.0164)	\$ (0.0099)		\$ 2.4171	\$ 2.4072
200,000 to 749,999 MCF/Yr	\$ 2.1937	\$ -						\$ -	\$ (0.0148)	\$ (0.0090)		\$ 2.1789	\$ 2.1699
750,000 to 1,999,999 MCF/Yr	\$ 1.9097	\$ -						\$ -	\$ (0.0129)	\$ (0.0078)		\$ 1.8968	\$ 1.8890
Over 2,000,000 MCF/Yr	\$ 1.4431	\$ -						\$ -	\$ (0.0097)	\$ (0.0059)		\$ 1.4334	\$ 1.4275
2/ Total per MCF												\$ 2.7923	\$ 2.7815
<b>Mainline Service (MLS)</b>													
Customer Charge													
Over 200,000 MCF/Yr	\$ 5,630.0000							\$ (37.8899)	\$ (22.9785)			\$ 5,592.1101	\$ 5,569.1316
1/ Capacity/BB&A					\$ -	\$ 0.1740						\$ 0.1740	\$ 0.1740
Delivery Charge													
PNG transmission line	\$ 0.7430	\$ -						\$ (0.0050)	\$ (0.0030)			\$ 0.7380	\$ 0.7350
Interstate pipeline	\$ 0.4422	\$ -						\$ (0.0030)	\$ (0.0018)			\$ 0.4392	\$ 0.4374
Total per MCF												\$ 0.9120	\$ 0.9090

1/ The Capacity Charge applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the Balancing Charge.  
 2/ The Total per MCF displayed for Transport LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.  
 3/ The Rider TJCA Temporary Surcharge applies to former Peoples Gas Division customers.  
 4/ In addition to the above listed rates the Weather Normalization Adjustment applies during October through May billing months.  
 5/ The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.

ISSUED:

EFFECTIVE:

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**RULES AND REGULATIONS****18. PRIORITY OF SERVICE CURTAILMENT**

Upon issuance of an order to initiate priority-based curtailments, the available gas supplies to the Company shall be allocated among its customers in accordance with the priorities of use listed below. Customers in higher priority will not be curtailed until all customers falling into the lower classifications have been completely curtailed; where only partial curtailment of any one classification is required, the implementation of curtailment shall be prorated, to the extent possible under the circumstances, based upon recent consumption data. The ability to curtail a Priority-One customer is not affected by whether the customer pays for standby service under Rate GS-SB. Following are the priority categories and subcategories listed in descending order. Small commercial and industrial customers as described below are those customers that use less than 25,000 Mcf per year. Large commercial and industrial customers as described below are those customers that use 25,000 Mcf per year or more:

1. a. Residential.
1. b. Firm critical commercial essential human needs.
  
2. a. Firm small commercial requirements, excluding critical essential human needs requirements in category 1., firm large commercial and industrial requirements for plant protection, and operational facilities of electric distribution companies.
- 2.b. Firm small industrial requirements.
- 2.c. Firm large critical commercial and industrial requirements, excluding firm critical commercial essential human needs requirements in category 1 and excluding firm large commercial and industrial requirements for plant protection in category 2.
- 2.d. Firm large noncritical commercial and industrial requirements other than requirements for boiler fuel use.
- 2.e. Firm large noncritical commercial and industrial requirements for boiler fuel use.
- 2.f. Contractually interruptible use.

**19. SALES OF GAS FOR RESALE**

All gas sales to residential customers are to the ultimate purchaser and are not to be resold for profit.

**20. SERVICE AGREEMENT & FLEXIBLE RATES**

Service agreements for delivery services are not required unless the customer has negotiated a delivery rate less than the maximum rate. When a service agreement is required, an agreement for a minimum of one year must be executed by each Applicant as a condition to receiving delivery service, unless the Company agrees to a shorter term. The Service Agreement, when required, shall include but not be limited to: 1) the point(s) at which the Company will receive customer's gas; 2) the points at which the Company will deliver customer's gas to customer's facilities; 3) maximum daily volumes and annual delivery service volumes. Delivery of gas will not begin until a Service Agreement is fully executed. Specific components of a customer's rate may be lowered or waived if such an adjustment is required to meet competition from an alternative fuel source (including electricity), for economic development purposes, for service to new facilities, or for existing customers that install new technologies utilizing natural gas such as but not limited to: fuel cells, gas heat pumps and cooling, and Combined Heat and Power (CHP) project(s). Determination of eligibility for a flexible rate will be made by the Company and execution of a contract by the customer. When the discount is based on competition from an alternative fuel source, the customer will be required to certify the existence of the alternative fuel source. Electricity delivered by an electric distribution company shall constitute a competitive alternative. Prior to flexing distribution charges for distribution service customers, the Company may reduce charges that are for recovery of balancing charges, and/or the retainage percentage applied to the gas received on behalf of the distribution service customer. **(C)**

**(C) – Indicates Change**  
ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

**RATE GS-T**  
**GENERAL SERVICE - TRANSPORTATION**

**RULES AND DELIVERY TERMS (Continued)**

- 2) All standby volumes contracted for the month by the customer.

Transportation customers whose nominated daily volume are received in whole by the Company shall not be affected by the provisions in this subparagraph No. 8.

At least six hours prior to the beginning of an "upset day," the utility will provide notice to any one of three persons designated by the customer. After contact is attempted by the Company with the three persons designated by the customer, the Company will be deemed to have satisfied its notice obligations.

- (9) Unless otherwise agreed under paragraph (17) below, the Company will arrange its utilization of available capacity by endeavoring to fairly accommodate, to the extent practicable, the interests of its retail and transportation customers.
- a. Available System Capacity for Transportation Service: Capacity for the transportation of customer-owned gas is available on the Company's system to the same extent as capacity is available for the general system supplies that the Company acquires for its retail customers, except where operational constraints may require otherwise. Those operational constraints can include the safety of persons or property and the displacement of locally produced or purchased retail gas supplies.
  - b. Actual Unavailability of or Restrictions on Capacity: In the event that capacity on the Company's system either is unavailable for the transportation of customer-owned gas or is available but restricted, the Company will provide its transportation customer or the customer's designated representative with a written explanation of why capacity is unavailable or restricted and the steps examined by the Company to alleviate the unavailability or restriction. Where capacity is restricted, the Company will allocate capacity to its transportation customers without regard to the sources of the customers' natural gas supplies.
  - c. Anticipated Unavailability of or Restrictions on Capacity: Whenever the Company anticipates that an extraordinary activity or occurrence will make capacity either unavailable or available but restricted, the Company will provide written notice to Pennsylvania producers, as early as possible, of the specific portions of the Company's system on which capacity may be unavailable or available but restricted and of the length of time that the unavailability or restriction likely will last.
- (10) As soon as practical after the customer learns of any disruption or interruption in its supply of gas, the customer shall notify the Company.
- (11) The measurements at the point of receipt and delivery shall be the responsibility of the Company. All quantities of gas received, transported, and delivered shall be expressed in terms of "Mcf." A customer's gas received by the Company in Btus will be converted to Mcf using the current applicable conversion factor as determined annually in the Company's 1307(f) proceeding.
- (12) The Company shall retain 6.5 percent of the total volume of gas received into its system on behalf of all customers as gas used in Company operations and for unaccounted-for gas under Transportation Agreements that have been or are entered into pursuant to this rate, except in the following circumstances, where the Company may exercise its discretion to waive retainage in conjunction with a positive cost/benefit analysis: **(I)**

**(I)- Indicates Increase.**

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

**RATE GS-T**  
**GENERAL SERVICE - TRANSPORTATION**

**SURCHARGES**

All applicable riders to this tariff.

**CURTAILMENT**

Service under this rate may be curtailed when gas supply shortages force the Company to invoke emergency curtailment provisions pursuant to Tariff Rule No. 17 because gas supply to Priority-One customers is threatened. Under this circumstance, the transportation customer must agree to sell its gas supply to the Company at either the customer's city gate price or at the Company's average gas cost contained in the prevailing 1307(f) rate applicable to that class of customer, whichever is greater, to be used to supply the needs of Priority-One customers.

**LIABILITY**

1. The Company shall not be liable for disruption of service under this rate or loss of gas of the customer as a result of any steps taken to comply with any law, regulation, or order of any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation, or order.
2. Gas shall be and remain the property of the customer while transported and delivered by the Company. The customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.
3. The Company shall not be liable for any loss to the customer arising from or out of service under this rate, including loss of gas in the possession of the Company or any other cause, except upon gross negligence or willful misconduct of the Company's own employees or agents. The Company reserves the right to commingle gas of the customer with that of other suppliers and customers.
4. The Company will not be liable for disruption along upstream pipelines, or disruption caused by the Company's inability to physically receive the gas.
5. If service furnished pursuant to this rate is disrupted, the Company will notify the customer as soon as it is reasonably practicable. If delivery of volumes is disrupted for any of the above reasons, the Company shall not be liable for delivering said volumes at a later date.

**ARRANGEMENT OF INTERSTATE TRANSPORTATION**

At the request of a customer, other than an NGDC, the Company will act as its agent for arranging transportation of customer-owned gas by an interstate pipeline(s). The Company will bill the customer the applicable pipeline tariff rate(s) for any interstate transportation billed to the Company in its role as customer's agent for arranging interstate transportation.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

**RATE GS-SB**  
**GENERAL SERVICE - STANDBY**

**AVAILABILITY**

This service is available to transportation service customers served under Rate GS-T and/or customers who need or use the Company as backup service to service from an alternate supplier.

**RULES AND DELIVERY TERMS**Priority-One Transportation Customers

Priority One customers must pay for standby service through a transportation standby charge applicable to all volumes transported under Rate Schedule GS-T. Backup service for Priority-One customers shall be provided pursuant to the applicable retail rate schedules.

Non-Priority-One Transportation Customers

The customer may execute a Standby Contract for a specified monthly volume. The term of the Standby Contract will be a minimum period of not less than one year. Customers that execute a Standby Contract will pay for standby service through a capacity charge applicable to contracted for monthly volumes and through a standby commodity charge applicable to all standby volumes actually purchased under Rate Schedule GS-SB.

Back-up Standby Service

If a customer is using the Company as back-up service to service from an alternative supplier, the Company shall charge the customer the standby service fees set forth in the rate table below. The Company reserves the right to determine when and the level to which a customer is using the Company as a backup supplier. In situations where the alternative supply is from local well production and before the Company provides backup standby service under the terms of this rate schedule, the Company shall have the right to inspect the pipeline and related facilities of the customer and require that the customer install, at its own expense, any necessary equipment to protect the integrity and safe operation of the Company's system.

**RATE TABLE**Capacity Charges Applicable under the Rate Schedule:

RS Capacity Charge per Mcf	\$1.7860	<b>(I)</b>
SGS Capacity Charge per Mcf	\$1.7860	<b>(I)</b>
MGS Capacity Charge per Mcf	\$1.7860	<b>(I)</b>
LGS Capacity Charge per Mcf	\$1.7860	<b>(I)</b>

Standby Charges for Priority One Transportation Customers

For customers that pay the capacity charge, the Company may release pipeline capacity, the terms of which will be pursuant to the capacity-release terms of the Company's Supplier tariff and this rate schedule.

Priority-One customers who take service under this rate schedule, or their agents, must take assignment of a pro-rata or other agreed upon share of the pipeline and storage capacity and Pennsylvania produced gas supplies ("assigned capacity") that would otherwise be utilized by the Company to meet the customer's service requirements. Assigned capacity shall be subject to recall pursuant to the conditions described in the Company's Supplier Tariff, in which case the Company will provide for the delivery of necessary gas supplies pursuant to the terms of this rate schedule. More specific terms with respect to capacity assignment requirements may be set forth in the Company's Supplier Tariff and in its contracts with Priority One NGSs. However, such additional terms with respect to capacity assignment requirements shall be subject to review in the Company's annual Section 1307(f) proceeding.

**(I)** – Indicates increase.

**ISSUED:** \_\_\_\_\_

**EFFECTIVE:** \_\_\_\_\_

**RATE MLS  
MAINLINE SERVICE RATE**

**MINIMUM CHARGE**

The minimum charge shall be the Customer Charge. In the event of curtailment in the delivery of gas by the Company or complete or partial suspension of operation by the customer due to strikes, fires, floods, explosions or other similar casualties, the Customer Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.

**STATE TAX ADJUSTMENT SURCHARGE**

The charges described in this rate schedule are subject to a State Tax Adjustment Surcharge as set forth in the tariff.

**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE**

Rate MLS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this Tariff.

**RIDER PGC**

The Pass-through Charge and Gas Supply Charge in this rate schedule include recovery of purchased gas costs pursuant to the Purchased Gas Cost Rider as set forth in this Tariff.

**RETAINAGE**

The retainage rate for MLS customers shall be the greater of the actual lost and unaccounted for gas percentage on the facilities used by each MLS customer (if available) or 1%. If the actual lost and unaccounted for gas percentage on the facilities used by each MLS customer is not available, the retainage rate shall be the Distribution UFG percentage per the most recently filed UFG report with the PA Public Utility Commission. **(C)**

**TERMS OF PAYMENT**

Bills for sales service will be rendered monthly and are due and payable upon presentation. All bills shall be paid on or before the final date of payment shown on the bill, which date shall not be less than twenty (20) days after presentation (date of postmark).

If the customer fails to pay the full amount of any bill, a delayed payment penalty charge of one and one half percent (1 1/2%) per billing cycle shall accrue on the portion of the bill that is unpaid on the due date.

**SPECIAL PROVISIONS APPLICABLE TO ALL MLS CUSTOMERS**

1. Customers desiring to transfer to or from this rate schedule must notify the Company in writing. Transfers to or from this rate schedule will be allowed only if:
  - a) the Company can obtain any increase or decrease in its gas supplies, pipeline capacity and storage capacity, or any combination thereof that is required to accommodate such change; or
  - b) the Company, in its sole judgment, concludes that no increase or decrease is required. The Company shall establish the date any transfer is to be effective.
2. Energy usage eligibility for this rate schedule shall be determined annually. In the event Customer's annual purchases are less than or equal to 500,000 mcf, the customer shall be transferred to either Rate LGS effective the immediately succeeding January billing cycle.
3. New customers or existing customers requesting a transfer to this Rate Schedule shall be permitted to take service under this Rate Schedule only if:
  - a) the Company can obtain an increase in its firm pipeline capacity with an interstate pipeline having delivery points on the Company's system where the customer's facility is located, that is required to accommodate such transfer; or
  - b) the Company, in its sole judgment, concludes that no increase in the Company's pipeline capacity under an interstate pipeline firm rate schedule or any successor rate schedule is required. The Company shall establish the date any transfer is to be effective.

**RULES AND REGULATIONS**

The Rules and Regulations Governing the Distribution and Sale of Gas of this Tariff, which are not inconsistent with the provisions of this rate schedule, shall govern, where applicable, the supply of distribution service under this rate schedule.

**WAIVER**

The Company reserves the right to waive the customer charge per meter for additional meters. An example of when this charge may be waived is if the Company determines that such meters have been installed principally and primarily for the Company's convenience and not due to the load characteristics of the customer.

**(C) – Indicates Change**

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

**RIDER**  
**PURCHASED GAS COST (1307(f) RATES)**

**COMPUTATION OF PURCHASED GAS COSTS**

The purchased gas cost rates for Residential, Commercial, and Industrial Service customers shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below:

$$\text{Demand} = \frac{\text{DC} - \text{B} - \text{R} - \text{DOU}}{\text{S} + \text{P1AC} + \text{SBC}}$$

$$\text{Commodity} = \frac{\text{CC}}{\text{S} + \text{SBR}}$$

$$\text{Over/Under Collection} = \frac{\text{E}}{\text{S} + \text{SBR}}$$

(For definitions of "DC", "CC", "E", "S", "SBC", "SBR", "NP1", "P1AC", "R", "B", and "DOU" refer to Section below this rider).

The currently effective purchased gas cost rates are reflected on Tariff Pages 3 and 4.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

**RIDER**  
**PURCHASED GAS COST (1307(f) RATES)**

**DEFINITIONS**

- "DC": The projected demand or capacity cost of purchased gas.
- "CC": The projected commodity cost of purchased gas.
- "DOU": Experienced net overcollection or undercollection of the demand or capacity cost of purchased gas, including any interstate pipeline refunds of demand costs. Any changes in demand costs will be reflected in this calculation.<sup>1</sup>
- "E": Experienced net overcollection or undercollection of the commodity cost of purchased gas<sup>1</sup>.
- "S": Projected retail sales in Mcf during the application period.
- "NP1": Projected volumes in Mcf for NP-1 transportation customers and any customer served by a NP-1 Supplier.
- "P1AC": Projected volumes in Mcf for P-1 transportation customers who are assigned capacity.
- "SBC": Projected contracted standby volumes in Mcf by NP-1 transportation customers.
- "SBR": Projected retail commodity standby volumes in Mcf.
- "R": Shared (savings) or costs for demand charge recovery from the capacity-release program.
- "B": Balancing recovery.

"Projected" refers to the twelve-month period beginning with October 1 of the year that the calculation is made.

**ADJUSTMENT TO BASE RATES**

Whenever a change occurs in the calculation rates for collection of purchased gas costs, a corresponding change will occur in the base rates of applicable rate schedules.

**SUPPLIER REFUND**

Supplier refunds will be included in the calculation of current period gas costs and will be reflected in the month such refund is received by the Company. Interest beyond that included from the supplier is not applicable.

**FILING WITH THE COMMISSION**

The Company shall meet all the filing requirements set forth in the regulations implementing Section 1307(f) of the Public Utility Code.

**REPORTING REQUIREMENTS**

The Company shall file quarterly reports within thirty (30) days following the conclusion of each computation year quarter. These reports will be in such form as the Commission shall have prescribed.

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<sup>1</sup>Interest will be applied in accordance with the applicable law.

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EFFECTIVE: \_\_\_\_\_

**RIDER****Distribution System Improvement Charge (DSIC)**

**2. Pre-tax return:** The pre-tax return shall be calculated using the statutory state and federal income tax rates, the Company's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day for the three-month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return rate approved in the Company's last fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years shall have elapsed between the entry of such a final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission in the most recent Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission.

**Application of DSIC:** The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for distribution service under the Company's otherwise applicable rates and charges, excluding amounts billed for Rider State Tax Adjustment and Rider Purchased Gas Cost. To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by one-fourth of the Company's annual projected revenue for distribution service (including all applicable clauses and riders), exclusive of Rider State Tax Adjustment Surcharge and Rider Purchased Gas Cost.

**Formula:** The formula for calculation of the DSIC is as follows

$$\text{DSIC} = \frac{(\text{DSI} * \text{PTRR}) + \text{STFT} + \text{Dep} + \text{S}}{\text{PQR}} + \frac{e}{\text{PQR}}$$

Where:

**DSI** = Original cost of eligible distribution system improvement projects net of accrued depreciation and associated accumulated deferred income taxes pertaining to property-related book/tax depreciation timing differences resulting from the use of accelerated depreciation per Internal Revenue Code, 26 U.S. Code § 168.

**PTRR** = Pre-tax return rate applicable to DSIC-eligible property.

**STFT** = (State Tax Flow Through) Pre-tax flow through calculated on book-tax timing differences between accelerated tax depreciation and book depreciation net of federal tax. **[NOTE: UTILITY MAY ELECT TO INCLUDE THE STFT IN THE PTRR COMPONENT.]**

**Dep** = Depreciation expense related to DSIC-eligible property.

**e** = Amount calculated under the annual reconciliation feature or Commission audit, as described below.

**S** = Synergy fees/(revenues); cost assessed (revenue received) for serving customers of another legal entity approved at G-2014-2448803.

**PQR** = Projected annual revenues for distribution service (excluding Rider State Tax Adjustment and Rider Purchased Gas Cost) from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period will be divided by four to arrive at a quarterly revenue figure.

**Quarterly Updates:** Supporting data for each quarterly update will be filed with the Commission and served upon the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, Office of Small Business Advocate, and Commission's Bureau of Audits at least (10) days prior to the effective date of the update.

**ISSUED:** \_\_\_\_\_

**EFFECTIVE:** \_\_\_\_\_

**PEOPLES NATURAL GAS COMPANY LLC**

**RATES AND RULES  
GOVERNING THE  
FURNISHING OF  
NATURAL GAS SERVICE  
TO RETAIL  
GAS CUSTOMERS**

**ISSUED:** \_\_\_\_\_

**EFFECTIVE:** \_\_\_\_\_

**BY: Michael Huwar  
President  
375 North Shore Drive  
Pittsburgh, PA 15212**

**NOTICE**

1307(f)-2025 ANNUAL GAS COST FILING

This tariff makes changes to existing rates.  
(See page 2)

**LIST OF CHANGES**

<b><u>RATE CHANGES</u></b>	<b><u>Current</u></b>	<b><u>Proposed</u></b>	<b><u>Increase/ (Decrease)</u></b>
<b><u>Rate GS-SB</u></b>			
Rate RS, SGS, MGS, LGS	\$1.2446	\$1.7860	\$0.5414
<b><u>Rider PGC</u></b>			
<b><u>Rate RS, SGS, MGS, LGS, NGPV</u></b>			
Capacity Charge	\$1.2446	\$1.7860	\$0.5414
Gas Cost Adjustment Charge	(\$0.0358)	\$0.5097	\$0.5455
Natural Gas Supply Charge	\$3.5884	\$4.1439	\$0.5555
<b><u>Rider MFC – Merchant Function Charge</u></b>			
RS	\$0.1055	\$0.1417	\$0.0362
SGS, MGS, LGS	\$0.0159	\$0.0214	\$0.0055
RS-T	\$0.0274	\$0.0393	\$0.0119
<b><u>Balancing Charges</u></b>			
SGS, MGS	\$0.4199	\$0.8300	\$0.4101
LGS	\$0.1048	\$0.1740	\$0.0692
<b><u>Retainage Charges</u></b>			
	5.8%	6.5%	0.7%

**OTHER CHANGES**

<b><u>Page</u></b>	<b><u>Page Description</u></b>	<b><u>Revision Description</u></b>
5	Table of Contents	Removed AVC language
33	Rules and Regulations	Removed AVC language
58	Rate GS-T	Removed AVC language
62	Rate MLS – Mainline Service	Retainage language added
68/69	Rider Purchased Gas Costs	Removed AVC language. Added Supplier Refund Language.
70/71	Rider AVC Capacity Charge	Removed pages
82	DSIC	Removed AVC language.

	Rider Purchased Gas Costs				Base Rate	Rider	Rider	Rider Supplier	Rider	Rider	Rider	Rider	Former Peoples	Former Peoples	Natural Gas
	Capacity	AVC Capacity	GCA	Commodity	Charges	STAS	MFC	Choice	USR	GPC	DSIC Charge	TRS	Gas Customers	Gas Customers	Customers
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	RIDER TCJA 3/	RIDER TCJA 3/	Total Rate
						0.00%					0.00%	-0.6730%		-0.4081%	(14=SUM 1 to 12)
<b>Residential Sales</b>															
Customer Charge					\$ 16.80			\$ 0.0080			\$ -	\$ (0.1131)	\$ (0.0686)		16.6949
Capacity	\$ 1.7860	\$ -					\$ 0.0393								\$ 1.8253
Price to Compare - PTC			\$ 0.5097	\$ 4.1439			\$ 0.1024			\$ 0.0865					\$ 4.8425
Delivery Charge					\$ 5.3537				\$ 0.8571		\$ -	\$ (0.0360)	\$ (0.0219)		\$ 6.1748
State Tax Surcharge						\$ -									\$ -
Total per MCF							\$ 0.1417								\$ 12.8426
<b>Small General Service (SGS)</b>															
Customer Charge															
0 to 499 MCF/Yr					\$ 22.00			\$ 0.0080			\$ -	\$ (0.1481)	\$ (0.0898)		21.8599
500 to 999 MCF/Yr					\$ 44.00			\$ 0.0080			\$ -	\$ (0.2961)	\$ (0.1796)		43.7119
1/ Capacity	\$ 0.8300	\$ -													\$ 0.8300
Price to Compare - PTC	\$ 0.9560		\$ 0.5097	\$ 4.1439			\$ 0.0214			\$ 0.0865					\$ 5.7175
Delivery Charge					\$ 3.9844						\$ -	\$ (0.0268)	\$ (0.0163)		\$ 3.9576
State Tax Surcharge						\$ -									\$ -
Total per MCF	\$ 1.7860														\$ 10.5051
<b>Medium General Service (MGS)</b>															
Customer Charge															
1,000 to 2,499 MCF/Yr					\$ 101.00						\$ -	\$ (0.6797)	\$ (0.4122)		100.3203
2,500 to 24,999 MCF/Yr					\$ 145.00						\$ -	\$ (0.9759)	\$ (0.5918)		144.0242
1/ Capacity	\$ 0.8300	\$ -													\$ 0.8300
Price to Compare - PTC	\$ 0.9560		\$ 0.5097	\$ 4.1439			\$ 0.0214			\$ 0.0865					\$ 5.7175
Delivery Charge					\$ 3.6941						\$ -	\$ (0.0249)	\$ (0.0151)		\$ 3.6692
State Tax Surcharge						\$ -									\$ -
Total per MCF	\$ 1.7860														\$ 10.2167
<b>Large General Service (LGS)</b>															
Customer Charge															
25,000 to 49,999 MCF/Yr					\$ 940.00						\$ -	\$ (6.3262)	\$ (3.8366)		933.6738
50,000 to 99,999 MCF/Yr					\$ 1,465.00						\$ -	\$ (9.8595)	\$ (5.9793)		1,455.1406
100,000 to 199,999 MCF/Yr					\$ 2,130.00						\$ -	\$ (14.3349)	\$ (8.6935)		2,115.6651
Over 200,000 MCF/Yr					\$ 5,630.00						\$ -	\$ (37.8899)	\$ (22.9785)		5,592.1101
1/ Capacity	\$ 0.1740	\$ -													\$ 0.1740
Price to Compare - PTC	\$ 1.6120		\$ 0.5097	\$ 4.1439			\$ 0.0214			\$ 0.0865					\$ 6.3735
Delivery Charge															
25,000 - 49,999 MCF/Yr					\$ 2.6360	\$ -					\$ -	\$ (0.0177)	\$ (0.0108)		2.6183
50,000 - 99,999 MCF/Yr					\$ 2.5519	\$ -					\$ -	\$ (0.0172)	\$ (0.0104)		2.5347
100,000 - 199,999 MCF/Yr					\$ 2.4335	\$ -					\$ -	\$ (0.0164)	\$ (0.0099)		2.4171
200,000 to 749,999 MCF/Yr					\$ 2.1937	\$ -					\$ -	\$ (0.0148)	\$ (0.0090)		2.1789
750,000 to 1,999,999 MCF/Yr					\$ 1.9097	\$ -					\$ -	\$ (0.0129)	\$ (0.0078)		1.8968
Over 2,000,000 MCF/Yr					\$ 1.4431	\$ -					\$ -	\$ (0.0097)	\$ (0.0059)		1.4334
2/ Total per MCF	\$ 1.7860														\$ 9.1658
<b>Mainline Service (MLS)</b>															
Customer Charge															
Over 200,000 MCF/Yr					\$ 5,630.00						\$ (37.8899)	\$ (22.9785)			5,592.1101
1/ Capacity	\$ 0.1740	\$ -													\$ 0.1740
Price to Compare - PTC	\$ 1.6120		\$ 0.5097	\$ 4.1439			\$ 0.0214			\$ 0.0865					\$ 6.3735
Delivery Charge															
PNG transmission line					\$ 0.7430						\$ (0.0050)	\$ (0.0030)			0.7380
Interstate pipeline					\$ 0.4422						\$ (0.0030)	\$ (0.0018)			0.4392
Total per MCF															\$ 7.2855

1/ The Price-to-Compare format as shown is applicable to a Non-Priority One customer; the Price-to-Compare Charge for a Priority One customer would not include the Capacity Charge.

See the Residential - Sales section above as an example of Priority One.

2/ The Total per MCF displayed for Retail LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.

3/ The Rider TICA Temporary Surcharge applies to former Peoples Gas Division customers.

4/ In addition to the above listed rates the Weather Normalization Adjustment applies during October through May billing months.

5/ The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.

PEOPLES NATURAL GAS COMPANY LLC

PRO FORMA TO GAS—PA PUC NO. 48

REVISED PAGE NO. 4

CANCELLING REVISED PAGE NO. 4

	Base Rate Charges (1)	Rider STAS (2)	Rider MFC (3)	Rider USR (4)	Rider Purchased Gas Costs Capacity (5)	AVC Capacity (6)	Balancing Charge (7)	Rider Supplier Choice (8)	Rider DSIC Charge (9)	Rider TRS (10)	Former Peoples Gas Customers RIDER TCJA 3/ (11)	Former Peoples Natural Gas Total Rate (12=SUM 1 to 10)	Former Peoples Gas Customers Total Rate (13=SUM 1 to 11)
<b>Rate GS-T Residential</b>		0.00%							0.00%	-0.6730%	-0.4081%		
Customer Charge	\$ 16.8000						\$ 0.0080	\$ -	\$ (0.1131)	\$ (0.0686)	\$	16.6949	\$ 16.6264
Capacity			\$ 0.0393		\$ 1.7860	\$ -						\$ 1.8253	\$ 1.8253
Delivery Charge	\$ 5.3537			\$ 0.8571				\$ -	\$ (0.0360)	\$ (0.0219)	\$	6.1748	\$ 6.1529
State Tax Surcharge		\$ -									\$	-	\$ -
Total per MCF											\$	8.0001	\$ 7.9782
<b>Rate GS-Transportation SGS</b>													
Customer Charge													
0 to 499 MCF/Yr	\$ 22.0000						\$ 0.0080	\$ -	\$ (0.1481)	\$ (0.0898)	\$	21.8599	\$ 21.7701
500 to 999 MCF/Yr	\$ 44.0000						\$ 0.0080	\$ -	\$ (0.2961)	\$ (0.1796)	\$	43.7119	\$ 43.5323
1/ Capacity/BB&A					\$ -	\$ 0.8300					\$	0.8300	\$ 0.8300
Delivery Charge	\$ 3.9844							\$ -	\$ (0.0268)	\$ (0.0163)	\$	3.9576	\$ 3.9413
State Tax Surcharge		\$ -									\$	-	\$ -
Total per MCF											\$	4.7876	\$ 4.7713
<b>Rate GS-Transportation MGS</b>													
Customer Charge													
1,000 to 2,499 MCF/Yr	\$ 101.0000							\$ -	\$ (0.6797)	\$ (0.4122)	\$	100.3203	\$ 99.9080
2,500 to 24,999 MCF/Yr	\$ 145.0000							\$ -	\$ (0.9759)	\$ (0.5918)	\$	144.0242	\$ 143.4323
1/ Capacity/BB&A					\$ -	\$ 0.8300					\$	0.8300	\$ 0.8300
Delivery Charge	\$ 3.6941							\$ -	\$ (0.0249)	\$ (0.0151)	\$	3.6692	\$ 3.6541
State Tax Surcharge		\$ -									\$	-	\$ -
Total per MCF											\$	4.4992	\$ 4.4841
<b>Rate GS-Transportation LGS</b>													
Customer Charge													
25,000 to 49,999 MCF/Yr	\$ 940.0000							\$ -	\$ (6.3262)	\$ (3.8366)	\$	933.6738	\$ 929.8372
50,000 to 99,999 MCF/Yr	\$ 1,465.0000							\$ -	\$ (9.8595)	\$ (5.9793)	\$	1,455.1406	\$ 1,449.1612
100,000 to 199,999 MCF/Yr	\$ 2,130.0000							\$ -	\$ (14.3349)	\$ (8.6935)	\$	2,115.6651	\$ 2,106.9716
Over 200,000 MCF/Yr	\$ 5,630.0000							\$ -	\$ (37.8899)	\$ (22.9785)	\$	5,592.1101	\$ 5,569.1316
1/ Capacity/BB&A					\$ -	\$ 0.1740					\$	0.1740	\$ 0.1740
Delivery Charge													
25,000 - 49,999 MCF/Yr	\$ 2.6360	\$ -						\$ -	\$ (0.0177)	\$ (0.0108)	\$	2.6183	\$ 2.6075
50,000 - 99,999 MCF/Yr	\$ 2.5519	\$ -						\$ -	\$ (0.0172)	\$ (0.0104)	\$	2.5347	\$ 2.5243
100,000 - 199,999 MCF/Yr	\$ 2.4335	\$ -						\$ -	\$ (0.0164)	\$ (0.0099)	\$	2.4171	\$ 2.4072
200,000 to 749,999 MCF/Yr	\$ 2.1937	\$ -						\$ -	\$ (0.0148)	\$ (0.0090)	\$	2.1789	\$ 2.1699
750,000 to 1,999,999 MCF/Yr	\$ 1.9097	\$ -						\$ -	\$ (0.0129)	\$ (0.0078)	\$	1.8968	\$ 1.8890
Over 2,000,000 MCF/Yr	\$ 1.4431	\$ -						\$ -	\$ (0.0097)	\$ (0.0059)	\$	1.4334	\$ 1.4275
2/ Total per MCF											\$	2.7923	\$ 2.7815
<b>Mainline Service (MLS)</b>													
Customer Charge													
Over 200,000 MCF/Yr	\$ 5,630.0000							\$ (37.8899)	\$ (22.9785)	\$	5,592.1101	\$ 5,569.1316	
1/ Capacity/BB&A					\$ -	\$ 0.1740					\$	0.1740	\$ 0.1740
Delivery Charge													
PNG transmission line	\$ 0.7430	\$ -						\$ (0.0050)	\$ (0.0030)	\$	0.7380	\$ 0.7350	
Interstate pipeline	\$ 0.4422	\$ -						\$ (0.0030)	\$ (0.0018)	\$	0.4392	\$ 0.4374	
Total per MCF											\$	0.9120	\$ 0.9090

1/ The Capacity Charge applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the Balancing Charge.  
 2/ The Total per MCF displayed for Transport LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.  
 3/ The Rider TJCA Temporary Surcharge applies to former Peoples Gas Division customers.  
 4/ In addition to the above listed rates the Weather Normalization Adjustment applies during October through May billing months.  
 5/ The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.

ISSUED:

EFFECTIVE:

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## RULES AND REGULATIONS

### 18. PRIORITY OF SERVICE CURTAILMENT

Upon issuance of an order to initiate priority-based curtailments, the available gas supplies to the Company shall be allocated among its customers in accordance with the priorities of use listed below. Customers in higher priority will not be curtailed until all customers falling into the lower classifications have been completely curtailed; where only partial curtailment of any one classification is required, the implementation of curtailment shall be prorated, to the extent possible under the circumstances, based upon recent consumption data. The ability to curtail a Priority-One customer is not affected by whether the customer pays for standby service under Rate GS-SB. Following are the priority categories and subcategories listed in descending order. Small commercial and industrial customers as described below are those customers that use less than 25,000 Mcf per year. Large commercial and industrial customers as described below are those customers that use 25,000 Mcf per year or more:

1. a. Residential.
1. b. Firm critical commercial essential human needs.
2. a. Firm small commercial requirements, excluding critical essential human needs requirements in category 1., firm large commercial and industrial requirements for plant protection, and operational facilities of electric distribution companies.
- 2.b. Firm small industrial requirements.
- 2.c. Firm large critical commercial and industrial requirements, excluding firm critical commercial essential human needs requirements in category 1 and excluding firm large commercial and industrial requirements for plant protection in category 2.
- 2.d. Firm large noncritical commercial and industrial requirements other than requirements for boiler fuel use.
- 2.e. Firm large noncritical commercial and industrial requirements for boiler fuel use.
- 2.f. Contractually interruptible use.

### 19. SALES OF GAS FOR RESALE

All gas sales to residential customers are to the ultimate purchaser and are not to be resold for profit.

### 20. SERVICE AGREEMENT & FLEXIBLE RATES

Service agreements for delivery services are not required unless the customer has negotiated a delivery rate less than the maximum rate. When a service agreement is required, an agreement for a minimum of one year must be executed by each Applicant as a condition to receiving delivery service, unless the Company agrees to a shorter term. The Service Agreement, when required, shall include but not be limited to: 1) the point(s) at which the Company will receive customer's gas; 2) the points at which the Company will deliver customer's gas to customer's facilities; 3) maximum daily volumes and annual delivery service volumes. Delivery of gas will not begin until a Service Agreement is fully executed.

Specific components of a customer's rate may be lowered or waived if such an adjustment is required to meet competition from an alternative fuel source (including electricity), for economic development purposes, for service to new facilities, or for existing customers that install new technologies utilizing natural gas such as but not limited to: fuel cells, gas heat pumps and cooling, and Combined Heat and Power (CHP) project(s). Determination of eligibility for a flexible rate will be made by the Company and execution of a contract by the customer. When the discount is based on competition from an alternative fuel source, the customer will be required to certify the existence of the alternative fuel source. Electricity delivered by an electric distribution company shall constitute a competitive alternative. Prior to flexing distribution charges for distribution service customers, the Company may reduce charges that are for recovery of balancing charges, ~~AVG capacity charges~~, and/or the retainage percentage applied to the gas received on behalf of the distribution service customer. (C)

(C) – Indicates Change

**RATE GS-T**  
**GENERAL SERVICE - TRANSPORTATION**

**RULES AND DELIVERY TERMS (Continued)**

- 2) All standby volumes contracted for the month by the customer.

Transportation customers whose nominated daily volume are received in whole by the Company shall not be affected by the provisions in this subparagraph No. 8.

At least six hours prior to the beginning of an "upset day," the utility will provide notice to any one of three persons designated by the customer. After contact is attempted by the Company with the three persons designated by the customer, the Company will be deemed to have satisfied its notice obligations.

- (9) Unless otherwise agreed under paragraph (17) below, the Company will arrange its utilization of available capacity by endeavoring to fairly accommodate, to the extent practicable, the interests of its retail and transportation customers.
- a. Available System Capacity for Transportation Service: Capacity for the transportation of customer-owned gas is available on the Company's system to the same extent as capacity is available for the general system supplies that the Company acquires for its retail customers, except where operational constraints may require otherwise. Those operational constraints can include the safety of persons or property and the displacement of locally produced or purchased retail gas supplies.
  - b. Actual Unavailability of or Restrictions on Capacity: In the event that capacity on the Company's system either is unavailable for the transportation of customer-owned gas or is available but restricted, the Company will provide its transportation customer or the customer's designated representative with a written explanation of why capacity is unavailable or restricted and the steps examined by the Company to alleviate the unavailability or restriction. Where capacity is restricted, the Company will allocate capacity to its transportation customers without regard to the sources of the customers' natural gas supplies.
  - c. Anticipated Unavailability of or Restrictions on Capacity: Whenever the Company anticipates that an extraordinary activity or occurrence will make capacity either unavailable or available but restricted, the Company will provide written notice to Pennsylvania producers, as early as possible, of the specific portions of the Company's system on which capacity may be unavailable or available but restricted and of the length of time that the unavailability or restriction likely will last.
- (10) As soon as practical after the customer learns of any disruption or interruption in its supply of gas, the customer shall notify the Company.
- (11) The measurements at the point of receipt and delivery shall be the responsibility of the Company. All quantities of gas received, transported, and delivered shall be expressed in terms of "Mcf." A customer's gas received by the Company in Btus will be converted to Mcf using the current applicable conversion factor as determined annually in the Company's 1307(f) proceeding.
- (12) The Company shall retain 6.5 percent of the total volume of gas received into its system on behalf of all customers as gas used in Company operations and for unaccounted-for gas under Transportation Agreements that have been or are entered into pursuant to this rate, except in the following circumstances, where the Company may exercise its discretion to waive retainage in conjunction with a positive cost/benefit analysis: **(I)**

**(I)- Indicates Increase.**

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

**RATE GS-T**  
**GENERAL SERVICE - TRANSPORTATION**

**SURCHARGES**

All applicable riders to this tariff.

**CURTAILMENT**

Service under this rate may be curtailed when gas supply shortages force the Company to invoke emergency curtailment provisions pursuant to Tariff Rule No. 17 because gas supply to Priority-One customers is threatened. Under this circumstance, the transportation customer must agree to sell its gas supply to the Company at either the customer's city gate price or at the Company's average gas cost contained in the prevailing 1307(f) rate applicable to that class of customer, whichever is greater, to be used to supply the needs of Priority-One customers.

**LIABILITY**

1. The Company shall not be liable for disruption of service under this rate or loss of gas of the customer as a result of any steps taken to comply with any law, regulation, or order of any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation, or order.
2. Gas shall be and remain the property of the customer while transported and delivered by the Company. The customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.
3. The Company shall not be liable for any loss to the customer arising from or out of service under this rate, including loss of gas in the possession of the Company or any other cause, except upon gross negligence or willful misconduct of the Company's own employees or agents. The Company reserves the right to commingle gas of the customer with that of other suppliers and customers.
4. The Company will not be liable for disruption along upstream pipelines, or disruption caused by the Company's inability to physically receive the gas.
5. If service furnished pursuant to this rate is disrupted, the Company will notify the customer as soon as it is reasonably practicable. If delivery of volumes is disrupted for any of the above reasons, the Company shall not be liable for delivering said volumes at a later date.

**ARRANGEMENT OF INTERSTATE TRANSPORTATION**

At the request of a customer, other than an NGDC, the Company will act as its agent for arranging transportation of customer-owned gas by an interstate pipeline(s). The Company will bill the customer the applicable pipeline tariff rate(s) for any interstate transportation billed to the Company in its role as customer's agent for arranging interstate transportation.

**ACCESS TO STORAGE SERVICE**

~~The Company shall provide Non-Priority One customers and suppliers with access to storage capacity held by the Company on the Allegheny Valley Connector ("AVC") system, an interstate pipeline system subject to the regulation of the FERC, that was previously provided under Rate ST and ST-SW. Non-Priority One customers and suppliers shall have the annual option to accept all or a portion of such access to storage capacity offered by the Company. Unless Company and customer agree otherwise, Company shall not release more than 1/12<sup>th</sup> of the customer's annual usage. Company's release of such capacity shall, in all respects, be in accordance with the FERC Gas Tariff governing service on the AVC system and the applicable rules and regulations of FERC regarding the release of capacity, including FERC's posting and bidding requirements. The Non-Priority One customer or supplier is responsible for paying the pipeline for the capacity assigned under these provisions, which payments shall include all applicable surcharges for service on the AVC system. The Company shall not reimburse the Non-Priority One customer or supplier for these pipeline capacity charges.~~

**RATE GS-SB**  
**GENERAL SERVICE - STANDBY**

**AVAILABILITY**

This service is available to transportation service customers served under Rate GS-T and/or customers who need or use the Company as backup service to service from an alternate supplier.

**RULES AND DELIVERY TERMS**

Priority-One Transportation Customers

Priority One customers must pay for standby service through a transportation standby charge applicable to all volumes transported under Rate Schedule GS-T. Backup service for Priority-One customers shall be provided pursuant to the applicable retail rate schedules.

Non-Priority-One Transportation Customers

The customer may execute a Standby Contract for a specified monthly volume. The term of the Standby Contract will be a minimum period of not less than one year. Customers that execute a Standby Contract will pay for standby service through a capacity charge applicable to contracted for monthly volumes and through a standby commodity charge applicable to all standby volumes actually purchased under Rate Schedule GS-SB.

Back-up Standby Service

If a customer is using the Company as back-up service to service from an alternative supplier, the Company shall charge the customer the standby service fees set forth in the rate table below. The Company reserves the right to determine when and the level to which a customer is using the Company as a backup supplier. In situations where the alternative supply is from local well production and before the Company provides backup standby service under the terms of this rate schedule, the Company shall have the right to inspect the pipeline and related facilities of the customer and require that the customer install, at its own expense, any necessary equipment to protect the integrity and safe operation of the Company's system.

**RATE TABLE**

Capacity Charges Applicable under the Rate Schedule:

RS Capacity Charge per Mcf	\$1.7860	(I)
SGS Capacity Charge per Mcf	\$1.7860	(I)
MGS Capacity Charge per Mcf	\$1.7860	(I)
LGS Capacity Charge per Mcf	\$1.7860	(I)

Standby Charges for Priority One Transportation Customers

For customers that pay the capacity charge, the Company may release pipeline capacity, the terms of which will be pursuant to the capacity-release terms of the Company's Supplier tariff and this rate schedule.

Priority-One customers who take service under this rate schedule, or their agents, must take assignment of a pro-rata or other agreed upon share of the pipeline and storage capacity and Pennsylvania produced gas supplies ("assigned capacity") that would otherwise be utilized by the Company to meet the customer's service requirements. Assigned capacity shall be subject to recall pursuant to the conditions described in the Company's Supplier Tariff, in which case the Company will provide for the delivery of necessary gas supplies pursuant to the terms of this rate schedule. More specific terms with respect to capacity assignment requirements may be set forth in the Company's Supplier Tariff and in its contracts with Priority One NGSs. However, such additional terms with respect to capacity assignment requirements shall be subject to review in the Company's annual Section 1307(f) proceeding.

(I) – Indicates increase.

**RATE MLS**  
**MAINLINE SERVICE RATE**

**MINIMUM CHARGE**

The minimum charge shall be the Customer Charge. In the event of curtailment in the delivery of gas by the Company or complete or partial suspension of operation by the customer due to strikes, fires, floods, explosions or other similar casualties, the Customer Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.

**STATE TAX ADJUSTMENT SURCHARGE**

The charges described in this rate schedule are subject to a State Tax Adjustment Surcharge as set forth in the tariff.

**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE**

Rate MLS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this Tariff.

**RIDER PGC**

The Pass-through Charge and Gas Supply Charge in this rate schedule include recovery of purchased gas costs pursuant to the Purchased Gas Cost Rider as set forth in this Tariff.

**RETAINAGE**

The retainage rate for MLS customers shall be the greater of the actual lost and unaccounted for gas percentage on the facilities used by each MLS customer (if available) or 1%. If the actual lost and unaccounted for gas percentage on the facilities used by each MLS customer is not available, the retainage rate shall be the Distribution UFG percentage per the most recently filed UFG report with the PA Public Utility Commission. (C)

**TERMS OF PAYMENT**

Bills for sales service will be rendered monthly and are due and payable upon presentation. All bills shall be paid on or before the final date of payment shown on the bill, which date shall not be less than twenty (20) days after presentation (date of postmark).

If the customer fails to pay the full amount of any bill, a delayed payment penalty charge of one and one half percent (1 1/2%) per billing cycle shall accrue on the portion of the bill that is unpaid on the due date.

**SPECIAL PROVISIONS APPLICABLE TO ALL MLS CUSTOMERS**

1. Customers desiring to transfer to or from this rate schedule must notify the Company in writing. Transfers to or from this rate schedule will be allowed only if:
  - a) the Company can obtain any increase or decrease in its gas supplies, pipeline capacity and storage capacity, or any combination thereof that is required to accommodate such change; or
  - b) the Company, in its sole judgment, concludes that no increase or decrease is required. The Company shall establish the date any transfer is to be effective.
2. Energy usage eligibility for this rate schedule shall be determined annually. In the event Customer's annual purchases are less than or equal to 500,000 mcf, the customer shall be transferred to either Rate LGS effective the immediately succeeding January billing cycle.
3. New customers or existing customers requesting a transfer to this Rate Schedule shall be permitted to take service under this Rate Schedule only if:
  - a) the Company can obtain an increase in its firm pipeline capacity with an interstate pipeline having delivery points on the Company's system where the customer's facility is located, that is required to accommodate such transfer; or
  - b) the Company, in its sole judgment, concludes that no increase in the Company's pipeline capacity under an interstate pipeline firm rate schedule or any successor rate schedule is required. The Company shall establish the date any transfer is to be effective.

**RULES AND REGULATIONS**

The Rules and Regulations Governing the Distribution and Sale of Gas of this Tariff, which are not inconsistent with the provisions of this rate schedule, shall govern, where applicable, the supply of distribution service under this rate schedule.

**WAIVER**

The Company reserves the right to waive the customer charge per meter for additional meters. An example of when this charge may be waived is if the Company determines that such meters have been installed principally and primarily for the Company's convenience and not due to the load characteristics of the customer.

**(C) – Indicates Change**

ISSUED: September 26, 2024  
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE: September 27, 2024  
PRO FORMA TO GAS—PA PUC NO. 48  
REVISOR: \_\_\_\_\_ REVISED PAGE NO. 68  
CANCELLING \_\_\_\_\_ PAGE NO. 68

**RIDER**  
**PURCHASED GAS COST (1307(f) RATES)**

**COMPUTATION OF PURCHASED GAS COSTS**

The purchased gas cost rates for Residential, Commercial, and Industrial Service customers shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below:

$$\text{Demand} = \frac{\text{DC} - \text{B} - \text{R} - \text{DOU}}{\text{S} + \text{P1AC} + \text{SBC}}$$

$$\text{Commodity} = \frac{\text{CC}}{\text{S} + \text{SBR}}$$

$$\text{Over/Under Collection} = \frac{\text{E}}{\text{S} + \text{SBR}}$$

~~$$\text{AVC Capacity 1/} = \frac{\text{AVC} - \text{AVCOU}}{\text{S} + \text{P1AC} + \text{NP1}}$$~~

(For definitions of "DC", "CC", "E", "S", "~~AVC~~", "~~AVCOU~~", "SBC", "SBR", "NP1", "P1AC", "R", "B", and "DOU" refer to Section below this rider).

The currently effective purchased gas cost rates are reflected on Tariff Pages 3 and 4.

~~1/ The AVC Capacity Charge will be subject to adjustment through the ongoing 1307(f) mechanism as a result of a modernization and compliance tracker for system improvements on the AVC system.~~

ISSUED: \_\_\_\_\_  
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE: \_\_\_\_\_  
PRO FORMA TO GAS—PA PUC NO. 48  
\_\_\_\_\_ REVISED PAGE NO. 69  
CANCELLING \_\_\_\_\_ PAGE NO. 69

**RIDER**  
**PURCHASED GAS COST (1307(f) RATES)**

**DEFINITIONS**

~~"AVC": The projected capacity costs associated with the Allegheny Valley Connector Interstate Pipeline System.~~

~~"AVCOU": Experienced net overcollection or undercollection of the AVC Capacity costs.~~

"DC": The projected demand or capacity cost of purchased gas ~~(excluding AVC Capacity Charges)~~.

"CC": The projected commodity cost of purchased gas.

"DOU": Experienced net overcollection or undercollection of the demand or capacity cost ~~(excluding the AVC Capacity Charges)~~ of purchased gas, including any interstate pipeline refunds of demand costs. Any changes in demand costs will be reflected in this calculation.<sup>1</sup>

"E": Experienced net overcollection or undercollection of the commodity cost of purchased gas<sup>1</sup>.

"S": Projected retail sales in Mcf during the application period.

"NP1": Projected volumes in Mcf for NP-1 transportation customers and any customer served by a NP-1 Supplier.

"P1AC": Projected volumes in Mcf for P-1 transportation customers who are assigned capacity.

"SBC": Projected contracted standby volumes in Mcf by NP-1 transportation customers.

"SBR": Projected retail commodity standby volumes in Mcf.

"R": Shared (savings) or costs for demand charge recovery from the capacity-release program.

"B": Balancing recovery.

"Projected" refers to the twelve-month period beginning with October 1 of the year that the calculation is made.

**ADJUSTMENT TO BASE RATES**

Whenever a change occurs in the calculation rates for collection of purchased gas costs, a corresponding change will occur in the base rates of applicable rate schedules.

**SUPPLIER REFUND**

Supplier refunds will be included in the calculation of current period gas costs and will be reflected in the month such refund is received by the Company. Interest beyond that included from the supplier is not applicable.

**FILING WITH THE COMMISSION**

The Company shall meet all the filing requirements set forth in the regulations implementing Section 1307(f) of the Public Utility Code.

**REPORTING REQUIREMENTS**

The Company shall file quarterly reports within thirty (30) days following the conclusion of each computation year quarter. These reports will be in such form as the Commission shall have prescribed.

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Interest will be applied in accordance with the applicable law.

ISSUED: \_\_\_\_\_  
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE: \_\_\_\_\_  
PRO FORMA TO GAS—PA PUC NO. 48  
\_\_\_\_\_ REVISED PAGE NO. 70  
CANCELLING \_\_\_\_\_ PAGE NO. 70

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**RIDER**  
**AVC CAPACITY CHARGE**

~~The AVC Capacity Charge is applicable to all customers with the exceptions defined below under Discounted Rate Customers and relates to the recovery of capacity costs incurred by the Company for firm transportation and storage service provided on the Allegheny Valley Connector ("AVC") System. The AVC system represents certain transmission and storage assets formerly owned and operated by the Company that are necessary to provide services by the Company to its customers.~~

~~The AVC Capacity Charge shall recover fixed demand charges and applicable surcharges assessed to the Company under the FERC Gas Tariff for firm transportation and storage services on the AVC System. The AVC Capacity Charge shall be adjusted to reflect ongoing changes in charges assessed to the Company. The AVC Capacity Charge shall not recover fixed demand charges related to storage capacity on the AVC system that is released to and paid for by Non-Priority One customers or suppliers. Applicable volumetric and fuel charges for service on the AVC System shall not be recovered through the AVC charge and such charges shall be paid for by the shipper utilizing the AVC capacity.~~

**RATES**

~~Refer to Tariff Page Nos. 3 and 4 for the currently effective AVC Capacity Charge rates.~~

~~These rates will be recalculated on an annual basis in conjunction with the other Rider Purchase Gas costs and reported on as applicable in the annual filing as required in the regulations implementing Section 1307(f) of the Public Utility Code. The rates shall be calculated by customer class based on the results of the allocation factors set forth below and applicable billing determinants for each class.~~

**ALLOCATION OF AVC CAPACITY COSTS**

~~The fixed demand and applicable surcharges assessed to the Company for services on the AVC system shall be allocated to customer classes based on the allocation factors below.~~

~~The AVC Capacity Charge allocation factors are as follows:~~

<u>Rate Class</u>	<u>Allocation</u>
Residential	66.25%
SGS	11.94%
MGS	12.99%
LGS	8.82%

~~The Company will review the appropriateness of the AVC Capacity Charge allocation factors on an annual basis and such factors will be subject to review in the Company's 1307(f) gas cost proceeding.~~

**ANNUAL RECONCILIATION**

~~The AVC Capacity Charge costs will be subject to over/undercollection tracking and reconciled annually.~~

ISSUED: \_\_\_\_\_  
PEOPLES NATURAL GAS COMPANY LLC

EFFECTIVE: \_\_\_\_\_  
PRO FORMA TO GAS—PA PUC NO. 48  
\_\_\_\_\_ REVISED PAGE NO. 71  
CANCELLING \_\_\_\_\_ PAGE NO. 71

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**RIDER**  
**AVC CAPACITY CHARGE**

**DISCOUNTED RATE CUSTOMERS**

~~Upon Commission approval and implementation of the AVC Capacity Charge, all customers receiving a negotiated discount delivery charge under Rate GS-T shall: 1) receive an initial and one-time delivery charge reduction equal to the reduction applicable to all customers within its rate class; and 2) be assessed an initial AVC Capacity Charge equal to the AVC charges set forth immediately below. To the extent that a customer is receiving a discounted delivery rate that is less than the initial AVC charge set for below, such customer shall receive a delivery charge reduction that is equal to its discounted delivery charge and be assessed an initial AVC charge that is equal to its discounted delivery charge.~~

<u>Rate Class</u>	<u>Initial AVC Charge</u>
Residential	\$0.5063
SGS	\$0.5032
MGS	\$0.3306
LGS	\$0.0996

~~To the extent permitted under the customer's discounted rate contract, the Company may recover ongoing increases to the initial AVC charge from such customers.~~

**RIDER****Distribution System Improvement Charge (DSIC)**

**2. Pre-tax return:** The pre-tax return shall be calculated using the statutory state and federal income tax rates, the Company's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day for the three-month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return rate approved in the Company's last fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years shall have elapsed between the entry of such a final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission in the most recent Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission.

**Application of DSIC:** The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for distribution service under the Company's otherwise applicable rates and charges, excluding amounts billed for Rider State Tax Adjustment ~~and~~, Rider Purchased Gas Cost ~~and Rider AVC Capacity Charge~~. To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by one-fourth of the Company's annual projected revenue for distribution service (including all applicable clauses and riders), exclusive of Rider State Tax Adjustment Surcharge ~~and~~, Rider Purchased Gas Cost ~~and Rider AVC Capacity Charge~~.

**Formula:** The formula for calculation of the DSIC is as follows

$$\text{DSIC} = \frac{(\text{DSI} \times \text{PTRR}) + \text{STFT} + \text{Dep} + \text{S}}{\text{PQR}} + \frac{e}{\text{PQR}}$$

Where:

**DSI** = Original cost of eligible distribution system improvement projects net of accrued depreciation and associated accumulated deferred income taxes pertaining to property-related book/tax depreciation timing differences resulting from the use of accelerated depreciation per Internal Revenue Code, 26 U.S. Code § 168.

**PTRR** = Pre-tax return rate applicable to DSIC-eligible property.

**STFT** = (State Tax Flow Through) Pre-tax flow through calculated on book-tax timing differences between accelerated tax depreciation and book depreciation net of federal tax. **[NOTE: UTILITY MAY ELECT TO INCLUDE THE STFT IN THE PTRR COMPONENT.]**

**Dep** = Depreciation expense related to DSIC-eligible property.

**e** = Amount calculated under the annual reconciliation feature or Commission audit, as described below.

**S** = Synergy fees/(revenues); cost assessed (revenue received) for serving customers of another legal entity approved at G-2014-2448803.

**PQR** = Projected annual revenues for distribution service (excluding Rider State Tax Adjustment ~~and~~, Rider Purchased Gas Cost ~~and Rider AVC Capacity Charge~~) from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period will be divided by four to arrive at a quarterly revenue figure.

**Quarterly Updates:** Supporting data for each quarterly update will be filed with the Commission and served upon the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, Office of Small Business Advocate, and Commission's Bureau of Audits at least (10) days prior to the effective date of the update.

# **APPENDIX C**

**PEOPLES NATURAL GAS COMPANY LLC**

**RATES AND RULES  
GOVERNING THE  
FURNISHING OF  
SERVICE TO  
NATURAL GAS  
SUPPLIERS**

1307(f)-2025 ANNUAL GAS COST FILING

**ISSUED:** \_\_\_\_\_

**EFFECTIVE:** \_\_\_\_\_

**By: Michael Huwar  
President  
375 North Shore Drive  
Pittsburgh, PA 15212**

**NOTICE**

LIST OF CHANGES

Page	Page Description	Revision Description
23	Rate P-1 – Assignment of Other Supplies	Language change from “shall” to “may”
26	Rate P-1 – Load Forecasting	Updated load forecasting schedule

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

**RATE P-1**  
**PRIORITY ONE POOLING SERVICE**

**1. Assignment of Capacity (continued)**

Consistent with FERC rules and regulations for capacity releases under state retail choice programs, upstream pipeline firm transportation capacity held by the Company shall be assigned to the NGS as agent for the Customers of the NGS's Priority-One Pool. The assignment shall be structured as a zero cost release of capacity provided, however, that the NGS should be responsible for paying all usage based pipeline charges. The term of the release shall be on a monthly basis, commencing with the first month in which the NGS rendered commodity service to the Customer to the earlier of the end of the seasonal period (Winter releases shall terminate March 31 and summer releases shall terminate October 31) or the termination date of the contract(s) between the Company and the upstream pipeline or the last month in which the NGS renders commodity service to the Customer on whose behalf the capacity had been assigned; provided however, the Company may in its discretion release such capacity on a monthly basis. The NGS must comply with all upstream pipeline requirements to become an eligible shipper on the upstream pipeline system. The NGS is responsible for paying all upstream pipeline variable charges incurred on the upstream pipeline.

The firm transportation capacity released pursuant to the previous section shall be recallable by the Company only under the following circumstances:

- a. the Customer on whose behalf the capacity has been assigned is no longer served by the NGS; or
- b. the NGS has failed to comply with the terms and conditions set forth herein.

Consistent with FERC rules and regulations for capacity releases under state retail choice programs, upstream pipeline storage capacity held by the Company shall be assigned to the NGS as agent for the Customers of the NGS's Priority-One Pool. The assignment shall be structured as a release of capacity at zero cost and may be subject to conditions of release (including, but not limited to, injection and withdrawal rights) that differ from the applicable upstream pipeline storage service. The release shall terminate at the end of the then-current storage season pursuant to the applicable upstream pipeline rate schedule terms and conditions; provided, however, the Company may in its discretion release such capacity on a monthly basis.

Capacity released pursuant to this section shall be recallable by the Company only upon failure of the NGS to comply with the terms and conditions set forth herein or in connection with a buyback of gas by the Company as set forth in paragraph 2 of this rate schedule.

**Assignment of Other Supplies**

The Company reserves the right to assign or sell other gas supplies that are under contract with the Company and used to satisfy its Supplier of last resort obligation to Priority-One Customers. To the extent that a Priority-One Supplier receives an assignment of the Company's capacity it holds on the Equitrans System, the Company may provide Priority-One suppliers with an option to purchase (C) from the Company a pro-rata share of the firm gas supplies available to the Company under its gas supply agreement with EQT Energy, LLC. Such purchase shall also occur if the Company determines that, as a result of the Priority One Customer's migration from supply service provided by the Company to supply service provided by P-1 NGSs, the amount of gas supplies under long term firm purchase contracts are in excess of the usage requirements of Supplier of last resort Customers currently served by the Company.

**(C)- Indicates Change**

**ISSUED:** \_\_\_\_\_

**EFFECTIVE:** \_\_\_\_\_

**RATE P-1**  
**PRIORITY ONE POOLING SERVICE**

**3. Storage Gas Transfers (Cont.)**

To the extent this provision is invoked and the NGS's storage gas in inventory is below the minimum inventory levels required by these procedures and the Company is required to purchase additional gas supplies on the open market, the NGS agrees to pay the Company an amount equal to the deficiency in volumes from the required inventory levels multiplied by the difference between the price the Company paid and the buyback rate.

**4. Load Forecasting**

The Company will provide the Pool Operator with a daily projection of the amount of gas to be delivered to the Company to satisfy the estimated daily consumption of all the Customers in the pool (Aggregate Daily Consumption Volume) at least two days in advance of when Pool Operators must deliver volumes to the Company. The Company may issue OFOs consistent with the terms of the Company's tariff and, as a result, may provide the Pool Operator with daily projections less than two days in advance.

In a format suitable to the Company, the Pool Operator will provide sufficient information about the Priority-One transportation Customers, whose natural gas requirements shall be supplied by the Pool, for the Company to identify them in the Company's billing system. In the event that those Customers shall vary during the term of the Priority One Agreement, Pool Operator shall provide an updated list of Customers to the Company as soon as reasonably possible.

Each of the Customers of Pool Operator's Priority-One Pool must have all of their natural gas consumption over the entire Customer Billing Cycle supplied by Priority-One Pool volumes nominated by Pool Operator. Seven business days prior to the first nomination period, the Company shall provide Pool Operator an initial listing of the end-use Customer accounts to be served by the Pool Operator's Priority-One Pool during the period to which the nominations apply and one week prior to the nomination period for each subsequent month, a listing with additions and deletions from the initial list.

Each Monday through Friday before 10:00 a.m., the Company will provide a projection of the Aggregate Daily Consumption Volume of the Customers of the Pool Operator's Priority-One Pool for the current and subsequent two days. During periods in which no Operational Flow Orders have been issued, the Company will use the following schedule to establish the Aggregate Daily Consumption Volume for which the Pool Operator will be held accountable:

<u>The Projection Provided On:</u>	<u>Will Be Used to Establish the Aggregate Daily Consumption Volume Accountability for the Following:</u>	
Monday	Wednesday	
Tuesday	Thursday	
Wednesday	Friday	
Thursday	Saturday, Sunday, and Monday	(C)
Friday	Tuesday	(C)

- a. During periods in which an OFO is in effect, the Company shall establish the Aggregate Daily Consumption Volume no later than 10:00 a.m. of the same Day; or
- b. During periods when the mean average temperature is projected to be below 20 degrees Fahrenheit and the mean average temperature projection changes to be colder by at least 4 degrees Fahrenheit, the Company may establish the Aggregate Daily Consumption Volume for a particular day by giving 24 hour notice to the Pool Operator.

**(C)- Indicates Change**  
**ISSUED: \_\_\_\_\_**

**EFFECTIVE: \_\_\_\_\_**

**PEOPLES NATURAL GAS COMPANY LLC**

**RATES AND RULES  
GOVERNING THE  
FURNISHING OF  
SERVICE TO  
NATURAL GAS  
SUPPLIERS**

1307(f)-2025 ANNUAL GAS COST FILING

**ISSUED:** \_\_\_\_\_

**EFFECTIVE:** \_\_\_\_\_

**By: Michael Huwar  
President  
375 North Shore Drive  
Pittsburgh, PA 15212**

**NOTICE**

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ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

**RATE P-1**  
**PRIORITY ONE POOLING SERVICE**

**1. Assignment of Capacity (continued)**

Consistent with FERC rules and regulations for capacity releases under state retail choice programs, upstream pipeline firm transportation capacity held by the Company shall be assigned to the NGS as agent for the Customers of the NGS's Priority-One Pool. The assignment shall be structured as a zero cost release of capacity provided, however, that the NGS should be responsible for paying all usage based pipeline charges. The term of the release shall be on a monthly basis, commencing with the first month in which the NGS rendered commodity service to the Customer to the earlier of the end of the seasonal period (Winter releases shall terminate March 31 and summer releases shall terminate October 31) or the termination date of the contract(s) between the Company and the upstream pipeline or the last month in which the NGS renders commodity service to the Customer on whose behalf the capacity had been assigned; provided however, the Company may in its discretion release such capacity on a monthly basis. The NGS must comply with all upstream pipeline requirements to become an eligible shipper on the upstream pipeline system. The NGS is responsible for paying all upstream pipeline variable charges incurred on the upstream pipeline.

The firm transportation capacity released pursuant to the previous section shall be recallable by the Company only under the following circumstances:

- a. the Customer on whose behalf the capacity has been assigned is no longer served by the NGS; or
- b. the NGS has failed to comply with the terms and conditions set forth herein.

Consistent with FERC rules and regulations for capacity releases under state retail choice programs, upstream pipeline storage capacity held by the Company shall be assigned to the NGS as agent for the Customers of the NGS's Priority-One Pool. The assignment shall be structured as a release of capacity at zero cost and may be subject to conditions of release (including, but not limited to, injection and withdrawal rights) that differ from the applicable upstream pipeline storage service. The release shall terminate at the end of the then-current storage season pursuant to the applicable upstream pipeline rate schedule terms and conditions; provided, however, the Company may in its discretion release such capacity on a monthly basis.

Capacity released pursuant to this section shall be recallable by the Company only upon failure of the NGS to comply with the terms and conditions set forth herein or in connection with a buyback of gas by the Company as set forth in paragraph 2 of this rate schedule.

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The Company reserves the right to assign or sell other gas supplies that are under contract with the Company and used to satisfy its Supplier of last resort obligation to Priority-One Customers. To the extent that a Priority-One Supplier receives an assignment of the Company's capacity it holds on the Equitrans System, the Company ~~shall~~ may provide Priority-One suppliers with an option to purchase (C)

from the Company a pro-rata share of the firm gas supplies available to the Company under its gas supply agreement with EQT Energy, LLC. Such purchase shall also occur if the Company determines that, as a result of the Priority One Customer's migration from supply service provided by the Company to supply service provided by P-1 NGSs, the amount of gas supplies under long term firm purchase contracts are in excess of the usage requirements of Supplier of last resort Customers currently served by the Company.

**(C)- Indicates Change**

**RATE P-1**  
**PRIORITY ONE POOLING SERVICE**

**3. Storage Gas Transfers (Cont.)**

To the extent this provision is invoked and the NGS's storage gas in inventory is below the minimum inventory levels required by these procedures and the Company is required to purchase additional gas supplies on the open market, the NGS agrees to pay the Company an amount equal to the deficiency in volumes from the required inventory levels multiplied by the difference between the price the Company paid and the buyback rate.

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In a format suitable to the Company, the Pool Operator will provide sufficient information about the Priority-One transportation Customers, whose natural gas requirements shall be supplied by the Pool, for the Company to identify them in the Company's billing system. In the event that those Customers shall vary during the term of the Priority One Agreement, Pool Operator shall provide an updated list of Customers to the Company as soon as reasonably possible.

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<u>The Projection Provided On:</u>	<u>Will Be Used to Establish the Aggregate Daily Consumption Volume Accountability for the Following:</u>
Monday	Wednesday
Tuesday	Thursday
Wednesday	Friday
Thursday	Saturday, <del>Sunday, and Monday</del> (C)
Friday	<del>Sunday, Monday and</del> Tuesday
(C)	

- a. During periods in which an OFO is in effect, the Company shall establish the Aggregate Daily Consumption Volume no later than 10:00 a.m. of the same Day; or
- b. During periods when the mean average temperature is projected to be below 20 degrees Fahrenheit and the mean average temperature projection changes to be colder by at least 4 degrees Fahrenheit, the Company may establish the Aggregate Daily Consumption Volume for a particular day by giving 24 hour notice to the Pool Operator.

# **APPENDIX D**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :  
Office of Small Business Advocate :  
Office of Consumer Advocate :  
 : Docket Nos. R-2025-3053184, *et al.*  
 :  
v. :  
 :  
Peoples Natural Gas Company LLC :

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**PEOPLES NATURAL GAS COMPANY LLC’S  
STATEMENT IN SUPPORT OF THE  
JOINT PETITION FOR SETTLEMENT**

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**I. INTRODUCTION**

Peoples Natural Gas Company LLC (“Peoples” or the “Company”) hereby files this Statement in Support of the Joint Petition for Settlement (“Settlement”) entered into by Peoples, the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”), and the Office of Consumer Advocate (“OCA”) in the above-captioned Purchased Gas Cost (“PGC”) proceeding.<sup>1</sup> Peoples respectfully requests that Administrative Law Judge Katrina L. Dunderdale (the “ALJ”) recommend approval of, and the Commission approve, the Settlement, including the terms and conditions thereof, without modification.

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<sup>1</sup> The Office of Small Business Advocate (“OSBA”) and the Pennsylvania Oil & Gas Association (“PIOGA”) are not parties to the Settlement but both have indicated their non-opposition to the same. OSBA and PIOGA will be filing letters of non-opposition to the Settlement separately with the Commission. There was one customer complaint filed in this proceeding – Daniel Killmeyer at Docket No. C-2025-3055049. Mr. Killmeyer did not otherwise participate in this proceeding. The Company is serving a copy of the Settlement and Appendices on Mr. Killmeyer.

The Settlement, if approved, will resolve all of the issues raised by the Joint Petitioners in this proceeding, including whether Peoples' historic natural gas costs were incurred and projected natural gas costs will be incurred under a least cost fuel procurement policy. The Settlement provides benefits to customers and is in the public interest. Therefore, it should be approved without modification.

The Settlement was achieved only after an investigation of Peoples' natural gas procurement policies and operations. In addition to a comprehensive filing, Peoples responded to numerous formal discovery requests (many of which had multiple subparts). In support of their positions, Peoples and OCA served direct testimony and accompanying exhibits. Peoples also served rebuttal testimony. Additionally, the Joint Petitioners participated in settlement discussions which ultimately led to the Settlement.

Finally, the Joint Petitioners, as well as their experts and counsel, have considerable experience in PGC proceedings. Their knowledge, experience, and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong base upon which to build a consensus on all of the settled issues.

For these reasons and the reasons set forth below, the Settlement is just and reasonable, and Peoples' 2025 1307(f) filing, as modified by the Settlement, should be approved.

## **II. COMMISSION POLICY FAVORS SETTLEMENT**

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231(a). Settlements reduce the time and expense that the parties must expend litigating a case and, at the same time, conserve administrative resources. The Commission has stated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. *See* 52 Pa. Code § 69.401. To accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order Entered

Oct. 4, 2004); *Pa. PUC v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991). As explained herein, the terms of the Settlement are in the public interest and should be adopted without modification.

### **III. THE SETTLEMENT IS IN THE PUBLIC INTEREST**

The Settlement reflects a carefully-balanced compromise of the interests of all of the Joint Petitioners while producing just and reasonable gas cost rates.

#### **A. WAGNER ADJUSTMENT**

In this proceeding, the Company explained that it was a defendant in a lawsuit that involved a dispute over the Company's payment for natural gas from a local producer. Peoples St. No. 1, p. 15. In 2017, the Court of Common Pleas of Indiana County, PA ruled that Peoples breached its contract with the producer by treating the "Posted Price" under the contract as a "Fixed Price." On appeal, the Superior Court upheld the trial court as to breach of contract, but also remanded the case back to the Trial Court to award damages. The parties are currently litigating the damages amount and a hearing is scheduled for August 2025. Peoples St. No. 1, pp. 16-17.

Peoples position is that it owes the seller \$665,183 for the difference in the Posted Price versus what was paid for the gas. Peoples St. No. 1, p. 16. As a result, Peoples proposed to include that amount in its projected gas costs in this proceeding. In its Direct Testimony, OCA did not oppose recovery of the Wagner Adjustment. However, OCA argued that the Company should not collect any amount for the Wagner Adjustment until the payment amount and date were determined by the Trial Court. OCA St. No. 1, p. 5. None of the other parties in this proceeding opposed recovery of the Wagner Adjustment.

The Settlement effectively adopts OCA's position on this issue. The Settlement provides that upon the final and unappealable resolution of the Wagner matter, Peoples will be permitted to include up to \$665,183 of the awarded damages incurred by the Company in the Company's e-

factor for recovery when the amount of the awarded damages and the payment date for the awarded damages are determined. The Settlement further provides that Peoples retains the right to propose to recover additional damages, including interest, which may result from the Wagner matter, in future PGC proceedings. In addition, all parties reserve the right to review and address this issue in future proceedings. Settlement ¶ 26.

This Settlement provision is in the public interest and should be approved. During the term covered by the lawsuit, customers paid less for gas than what the Trial Court determined that they should pay. The Company will soon be required to pay the producer for under-payments as determined by the Trial Court. It is appropriate for PGC customers to pay this amount, because PGC customers received lower costs than they otherwise would have paid during the under-payment period.

It is common practice in PGC proceedings to make prior period adjustments to gas costs. In Peoples 2020 PGC proceeding, the Commission required the Company to refund certain gas costs going back to 2015 pursuant to an Audit Report. *Pa. P.U.C. v. Peoples Natural Gas Company, LLC*, Docket No. R-2020-3017850 et al, Order entered September 17, 2020. The Commission's Order was upheld in a non-reported Commonwealth Court Order dated April 13, 2022 at 1024 C.D. 2020. In last year's PGC proceeding, the Commission approved a Settlement which revised the Company's storage valuation methodology going back to 2020. *PA PUC v. Peoples Natural Gas Company, LLC*, Docket Nos. R-2024-3045945, Order approving settlement entered September 12, 2024; Settlement ¶ 33. It is also noted that the Company is making other prior period adjustments related to audit findings in this proceeding as discussed below.

## **B. AUDIT FINDINGS**

In Direct Testimony, the Company made several clarifications and requests related to Audit's findings related to the 12-month periods ended January 31, 2022, January 31, 2021, and

January 31, 2020. Peoples St. No. 1, p. 10. The first related to the change in storage valuation methodology that was approved in last year's 2024 PGC proceeding. As noted in Ms. Scanlon's testimony, the October 1, 2024 filing did not include the updated time period for the change in valuation methodology. In addition, the Company had further discussions with Audits regarding the adjustment amount included in the January 1, 2025 rate filing. Upon review, it was discovered that a formula needed to be revised. With the formula change, Peoples owes the customers an additional refund of \$12,273. Peoples agreed to include this amount plus applicable interest in the E-factor of the October 1, 2025 rate filing. See Peoples St. No. 1, p. 12 and Peoples Natural Gas Company Exhibit Nos. 9 and 10. No party objected to these provisions, and they are set forth in Paragraph 27 of the Settlement.

The second audits related issue is for operation and maintenance ("O&M") costs charged by interstate gas pipelines to the Company under TAP agreements. Peoples St. No. 1, p. 12. Peoples proposes to recover its annual O&M fees from interstate suppliers as gas costs, which is consistent with how it recovers other costs from interstate gas pipelines. No party objected to this proposal, and it is set forth in Paragraph 28 of the Settlement. This Settlement provision is in the public interest as it clarifies Peoples recovery of costs from interstate pipelines.

The third audits related issue concerns the process for crediting supplier refunds to customers. Peoples St. No. 1, p. 13. As explained by Ms. Scanlon, Peoples' includes supplier refunds in current period costs in the month they are received by the Company. The supplier refund includes interest from the supplier from the time of occurrence to when the refund is delivered to the Company. However, Peoples does not include additional interest because the refund is flowed back to customers through current period gas costs in the month it is received by the Company. Peoples St. No. 1, p. 13. Peoples seeks to provide the refund to customers as soon

as possible rather than holding the refund to incorporate it in the next E-factor. No party objected to this proposal, and it is set forth in Paragraph 29 of the Settlement. This Settlement provision is in the public interest because it allows supplier refunds to be credited to customers as soon as they are received.

The Settlement provisions related to the audit findings are reasonable and should be approved. These Settlement provisions provide clarity for the Company, parties and the Commission regarding how these issues are and will be handled going forward.

### **C. AVC RATES**

In Direct Testimony, the Company provided an explanation regarding how Allegheny Valley Capacity (“AVC”) costs have historically been recovered from customers. At one time, Peoples owned the AVC system and recovered AVC costs through base rates. Peoples St. No. 1, p. 3. When the AVC System was transferred to EQT Corporation as part of Peoples acquisition of Equitable Gas, the AVC costs were removed from base rates and recovered as a stand-alone capacity charge. In this proceeding, the Company proposed to include the AVC capacity costs with other PGC capacity costs and recover all capacity costs in a single capacity charge from sales and Priority-One transportation customers. Peoples St. No. 1, p. 8. Non-Priority One transportation customers would pay for their portion of AVC costs through the balancing charge.

No party objected to these proposals, and they are set forth in Paragraphs 30 and 31 of the Settlement. These provisions are in the public interest because they will allow Peoples to recover AVC capacity costs in the same manner as it recovers other capacity costs. This simplifies rate design and cost recovery for the Company and for customers.

### **D. RETAINAGE RATES**

As part of its main filing, Peoples proposed that its stand-alone tariffed retainage rate for all classes except for rate MLS customers be 6.5%, effective October 1, 2025. Peoples Natural

Gas Company St. No. 1, p. 8. No party challenged this calculation of retainage rates, nor presented testimony on the subject. As such, the Settlement provision on this point constitutes an unopposed proposal that was fully supported by Peoples in its main filing. (Settlement ¶ 32.) Peoples respectfully submits that this Settlement provision is just and reasonable and should be approved without modification.

For Main Line Service (“MLS”) customers, Peoples proposed that if their actual lost and unaccounted for gas percentage can be measured, that the retainage rate applied to that customer be the greater of the actual lost and unaccounted for gas percentage for the facility being used, or one percent (1%). In cases where it is not possible to measure the actual lost and unaccounted for gas percentage for the MLS customer, Peoples proposed that the retainage rate be the distribution unaccounted for gas (“UFG”) percentage per the most recently filed UFG report with the Commission. Peoples St. No. 1, p. 9. The Company explained that this proposal was reasonable because MLS customers either do not use the distribution system or use a very minimal portion of it. No party disagreed with the Company’s proposal, nor presented testimony on the subject. As such, the Settlement provision on this point represents an unopposed proposal that was fully supported by Peoples in its main filing. (Settlement ¶ 33.) Peoples respectfully submits that this Settlement provision is just and reasonable and should be approved without modification

#### **E. PRODUCER RETAINAGE RATES**

In the Company’s main filing, Company witness Lynda Petrichevich presented testimony regarding retainage recovery on the Goodwin system and retainage recovery generally. Peoples Natural Gas Company St. No. 5. Ms. Petrichevich explained that the producer retainage rate to become effective on October 1, 2025, should remain at 2.61% for all conventional production entering Peoples’ system. Peoples Natural Gas Company St. No. 5, p. 10. Similarly, Ms.

Petrichevich explained that the retainage rate for the Company's Goodwin system should be 42.3%. Peoples Natural Gas Company St. No. 5, pp. 12-13. Ms. Petrichevich also explained that:

Peoples has also committed to reviewing the actual loss rate at 6-month intervals. Since most of the construction work on the system is completed during late summer, we do not expect to see the full impacts of such construction to be reflected in the rolling twelve-month loss rate until some time has passed. Also, since little additional work is completed during the winter, the rate is likely to remain relatively stable until the next construction cycle is completed and sufficient time has passed for the results to be fully reflected in the UFG calculation.

Peoples Natural Gas Company St. No. 5, p. 13.

No party to this proceeding took issues with or presented any testimony responsive to Peoples' proposal related to producer retainage rates which, as noted above, were fully explained and supported through the direct testimony of Ms. Petrichevich. The producer retainage Settlement provisions are just and reasonable as they memorialize the Company's unopposed proposal(s) related to producer retainage rates. Settlement ¶¶ 34-35. As such, this Settlement provision should be approved without modification.

#### **F. UNACCOUNTED FOR GAS**

In her direct testimony, Company witness Lynda Petrichevich explained that the Company's overall system UFG amount was 6.18 Bcf, which resulted in an overall system loss rate of 4.57%. Peoples Natural Gas St. No. 5, p. 3. This figure represented a 12% decrease than what the Company's UFG volume was in 2019. Peoples Natural Gas St. No. 5, p. 3. Further, Ms. Petrichevich explained that the two main components of the Company's overall UFG are Distribution UFG and Gathering UFG:

Distribution UFG for the last reporting period is 3.99 Bcf which results in a loss rate of 3.05% which is right at the Commission's targeted loss rate for Distribution UFG of 3.0%...

The Gathering UFG for the 2024 reporting period is 2.2 Bcf and equates to a loss rate of 7.03%, down from 9.83% in 2017 when the Company began the most recent mitigation plan.

Peoples Natural Gas Company St. No. 5, pp. 4-5.

The Company subsequently filed a revised UFG report on April 14, 2025, which modified the company use amount and incorporated minor adjustments to the storage injections and withdrawals that, in the end, changed the inventory adjustment amount.

Ms. Petrichevich explained that the Company has seen less and less production delivered into its lines in recent years due to normal production declines and decreased new drilling within the Company's system. Peoples Natural Gas Company St. No. 5, p. 6. Indeed, the production declined by 2.0 BCF or 5.8% during the relevant PGC period. Peoples Natural Gas Company St. No. 4, pp. 5-6. Had the 2024 production stayed at the same rate as it was in 2023, the 2023 loss rate would have been 6.61%. Peoples Natural Gas Company St. No. 5, p. 6. Ms. Petrichevich also detailed the success and specific accomplishments of the UFG mitigation plan, including:

- Removal of 80 zero flow production meters;
- Corrected 88 standards issues; and
- Completion of 1263 meter service/repair orders.

Peoples Natural Gas Company St. No. 5, p. 8.

No party took issue with or presented testimony on the Company's UFG figures for the reporting period, the revised UFG report or the Company's plans on the direction for UFG mitigation efforts in future years. This Settlement accepts the Company's claim for UFG based on the revised UFG report filed on April 14, 2025. Settlement ¶ 36. This Settlement provision is reasonable and in the public interest and should be approved without modification.

## **G. MISCELLANEOUS**

The Miscellaneous portion of the Settlement memorializes various Settlement terms contained in the Company's 2025 definitive PGC filing that were unopposed by the various parties to this proceeding. Specifically, this portion of the Settlement observes that: (1) that the overrun and OFO charges incurred and included with the Company's main filing were prudent and in compliance with the least cost gas standard (Settlement ¶ 37); (2) except as revised by the Settlement, the proposed rates and other requested approvals contained in the Peoples' 2025 PGC filing should be approved (Settlement ¶ 38); (3) the Peoples compliance filing in this proceeding will reflect updated actual and projected over/under collections through September 30, 2026 (Settlement ¶ 39); and (4) the parties agree that the Commission should approve the renewals and changes in gas supply, pipeline, and storage capacity contracts that are explained in Peoples Natural Gas Company St. No. 2 and related exhibits included in the Company's definitive filing. (Settlement ¶ 40.)

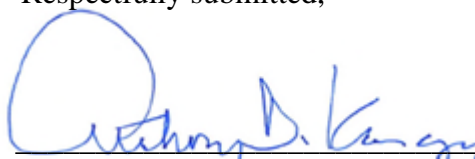
No party opposed or presented testimony on any of the Settlement provisions noted above, and these provisions merely signify the Joint Petitioners' agreement with various items included within the Company's definitive filing. As such, Peoples respectfully submits that these provisions are just and reasonable and should be approved without modification by the Commission.

**IV. CONCLUSION**

Through cooperative efforts and the open exchange of information, the Joint Petitioners have arrived at a Settlement that resolves all of the issues in the proceeding in a fair and equitable manner. The Settlement is the result of detailed examination of Peoples' natural gas procurement practices through numerous discovery responses, testimony and accompanying exhibits, followed by the presentation of counter-positions on some issues, and then settlement negotiations. A fair and reasonable compromise has been achieved in this case on these issues, as is evident by the fact that all active parties have agreed to the resolution of all of the issues in this proceeding.

Based on the foregoing, and as set forth in the Joint Petition for Settlement, Peoples respectfully requests that Your Honor and the Commission make all the findings required under 66 Pa. C.S. § 1318 with regard to its gas purchases and gas purchasing practices for the 12-month period ending January 31, 2025, find the rates proposed in the Joint Petition for Settlement to be just and reasonable, and approve the Joint Petition for Settlement without modification.

Respectfully submitted,



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Of Counsel:

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Dated: June 13, 2025

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*For Peoples Natural Gas Company LLC*

# **APPENDIX E**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3053184
	:	
Peoples Natural Gas Company, LLC	:	
	:	

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**BUREAU OF INVESTIGATION AND ENFORCEMENT  
STATEMENT IN SUPPORT OF  
JOINT PETITION FOR SETTLEMENT OF  
1307(f) RATES INVESTIGATION**

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**TO: ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE:**

The Bureau of Investigation and Enforcement (I&E) of the Pennsylvania Public Utility Commission (PUC or Commission), by and through its Deputy Chief Prosecutor Carrie B. Wright and Prosecutor Adam J. Williams, hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Settlement of Section 1307(f) Rate Investigation (Joint Petition or Settlement) are in the public interest and represent a fair, just, and reasonable balance of the interests of Peoples Natural Gas Company, LLC (Peoples, PNG, or Company), I&E, the Office of Consumer Advocate (OCA), and Peoples ratepayers. The Office of Small Business Advocate (OSBA) and the Pennsylvania Independent Oil and Gas Association (PIOGA), who are also Parties in this proceeding, have indicated they do not oppose the Settlement.

**I. BACKGROUND**

I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In

negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding benefits the public interest and to ensure that the public interest is served. Based upon I&E's analysis of Peoples's Section 1307(f) purchased gas costs (PGC) filing, acceptance of this proposed Settlement is in the public interest and I&E recommends that Administrative Law Judge Katrina L. Dunderdale (the ALJ) and the Commission approve the Settlement in its entirety.

1. On January 31, 2025, pursuant to 52 Pa. Code Sections 53.64 and 53.65 of the Commission's Rules and Regulations, Peoples submitted its pre-filing information in support of its annual reconciliation of its purchased gas cost (PGC) tariffs.

2. On February 20, 2025, the OCA filed its Notice of Appearance, Formal Complaint and Public Statement. Also on that date, I&E filed a Notice of Appearance for Carrie B. Wright.

3. On February 27, 2025, the OSBA filed a Notice of Appearance.

4. On March 28, 2025, I&E filed its Notice of Appearance for Adam J. Williams.

5. On April 1, 2025, pursuant to 66 Pa. C.S. Section 1307(f) and 52 Pa. Code Section 53.64(a), Peoples submitted its definitive PGC filing to the Commission, which included Peoples's proposed *Pro Forma* Tariff Addendums and its supporting written direct testimony and supporting exhibits.

6. On April 10, 2025, PIOGA filed a Petition to Intervene.

7. On April 10, 2025, ALJ Dunderdale presided over a telephonic prehearing conference, during which the Parties agreed to a schedule for the conduct of the case

including the service of testimony among the parties and the dates for evidentiary hearings. As no evidence of the need for public input hearings was presented nor a request for one made, none was scheduled or held.

8. In accordance with Commission policy favoring settlements at 52 Pa. Code § 5.231, I&E participated in settlement discussions with the Company and the other Parties to the proceeding. Following settlement negotiations and recognizing that a settlement is the result of compromises made by all Parties, the Parties in this proceeding reached a full and complete Settlement of all issues. As a result on May 15, 2025, Counsel for Peoples advised ALJ Dunderdale that a Settlement in Principle had been agreed to or not opposed by all Parties to this proceeding.

## **II. TERMS AND CONDITIONS OF SETTLEMENT**

9. “The prime determinant in the consideration of a proposed Settlement is whether the settlement is in the public interest.”<sup>1</sup> The Commission has recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”<sup>2</sup>

10. I&E submits that the Settlement in the instant proceeding balances the interests of the Company, its customers, and the Parties in a fair and equitable manner and presents a resolution for the Commission’s adoption that best serves the public interest. Furthermore, the negotiated Settlement demonstrates that compromises are evident throughout the Stipulation. Accordingly, for the specific reasons articulated below to achieve the full scope of benefits addressed in the Settlement, I&E requests that

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<sup>1</sup> *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

<sup>2</sup> *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

the Settlement be recommended by ALJ Dunderdale and approved by the Commission, without modification.

11. After review of the filing and discovery, I&E agrees that the information provided by the Company indicates that its gas purchasing practices have satisfied its least cost procurement obligation under the Public Utility Code. 66 Pa. C.S. § 1318. Adhering to a least cost procurement policy benefits ratepayers is in the public interest because least cost gas directly impacts customer gas bills, while still ensuring that customers receive safe, adequate and reliable service.

I&E analyzed the Company's E-factor which is the experienced over/under collections, it reconciles variations between the projected gas costs and actual gas costs as well as variances between projected and actual sales. The E-factor also serves as the vehicle to pass through miscellaneous revenues and to calculate interest. This review is critical because the proper calculation of the E-factor ensures that rates are adjusted appropriately. I&E is satisfied that the Company's E-factor calculation is appropriate and accurate. Additionally, I&E believes the Company's projected gas costs are consistent with a least cost fuel procurement policy. While those costs are subject to review in a future PGC proceeding, I&E maintains that ratepayers are protected in that Peoples gains no unwarranted financial advantages through its projected gas purchases and projected gas purchasing policies. Accordingly, I&E represents that the Settlement maintains the proper balance of the interests of all parties.

11. With respect to the eight month interim period beginning February 1, 2025, and with respect to the 12-month period beginning October 1, 2025, the period of time

during which the proposed rates would be in effect, I&E agrees and request the Commission find that NGF has satisfied each of the standards for a least cost procurement policy set forth in Section 1318 of the Public Utility Code, including the standards set forth in Sections 1318(a)(1), 1318(a)(2), 1318(a)(3), 1318(a)(4), 1318(b)(1), 1318(b)(2), and 1318(b)(3), based upon the evidence of record in this proceeding. Nevertheless, it is expressly understood and agreed that such findings, relating to the rates, are made solely for the purpose of setting prospective rates and shall be subject to further review in an appropriate future proceeding. Further, no party is limited or prevented from challenging projected gas purchases that actually have been made, including those made during the interim period of February 1, 2025 through September 30, 2026 and future gas purchasing practices that have been implemented, or from reviewing whether these gas purchases and gas purchasing practices have, in fact, complied with the standards of Section 1318.

I&E technical staff fully analyzed the Company's filing, including all testimony and exhibits. I&E supports this settlement as it provides regulatory certainty and a resolution of the issues; all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest. I&E believes these agreed upon Settlement terms reflect an amicable agreement among the parties.

## **WAGNER ADJUSTMENT**

12. While I&E did not provide testimony regarding the Wagner Adjustment, I&E submits the Settlement term regarding this adjustment is in the public interest. Per this term, Peoples will be permitted to include up to \$665,183 of the awarded damages

incurred by the Company in the Company's e-factor for recovery when the amount of the awarded damages and the payment date for the awarded damages are determined. Further, all parties also reserve the right to review and address this issue in future proceedings.

This term provides some certainty to Peoples regarding the amounts to be recovered while certain issues surrounding this adjustment continue to be litigated. It also provides all parties the ability to review and address this issue in future proceedings to protect the interest of ratepayers.

## **AUDIT FINDINGS**

13. Pursuant to the Settlement, the Joint Petitioners have agreed that Peoples' proposal with respect to the change in storage valuation methodology is appropriate, that Peoples' proposal to recover operation and maintenance expenses that are part of a Tap Agreement with a pipeline as PGC costs is appropriate, and Peoples' proposal to include supplier refunds in current period gas costs in the month that they are received by the Company is appropriate.

As part of its investigation in this case, while I&E provided no testimony on this issue, I&E reviewed the relevant Audit findings by the Commission's Bureau of Audits. I&E is satisfied that the Settlement provisions appropriately resolve the issues for the purposes of this proceeding.

## **AVC RATES**

14. Pursuant to the Settlement, Peoples' proposal to combine the AVC interstate pipeline capacity charges with Peoples' other interstate capacity charges is approved, and Peoples' proposed balancing charge calculation, including the addition of AVC storage costs, is approved. I&E did not challenge the AVC rates proposed in this case, I&E closely reviewed these rates. I&E maintains that Settlement AVC rates, are appropriate and in the public interest.

## **CUSTOMER AND PRODUCER RETAINAGE RATES**

15. Pursuant to the Settlement, the Joint Petitioners agree that the stand-alone tariffed retainage rate for all rate classes, except rate MLS, is 6.5% effective October 1, 2025, and that Peoples Rate MLS retainage rate is approved. Further, Peoples' producer retainage rate will continue to be 2.61% for all conventional production effective October 1, 2025, and the retainage rate for the Goodwin system shall be 42.3% for the period of October 1, 2025 to September 30, 2026.

Although I&E did not challenge the retainage rates proposed in this case, I&E closely reviews retainage rates in each annual PGC proceeding. I&E maintains that Settlement retainage rates, are appropriate and in the public interest.

## **UNACCOUNTED FOR GAS (UFG)**

16. Per the Settlement, the Joint Petitioners have agreed that Peoples claim for UFG in this proceeding is reasonable.

I&E closely scrutinizes the UFG claims in 1307(f) proceedings. In this proceeding, I&E did not raise an issue with the Company's UFG claim in testimony.

Nevertheless, I&E commits to continued monitoring of UFG levels in future PNG and Peoples' combined filings, as the public interest requires that customers not carry the burden of preventable, wasteful UFG costs. When UFG is at an appropriate level, it serves the public interest by ensuring that the Company is accountable to ratepayers in its duty to mitigate UFG costs where possible. Additionally, the Company will benefit as well by way of improved efficiency and conservation of resources.

### **MISCELLANEOUS**

17. Regarding the remaining terms of the settlement, I&E did not submit any testimony; however, based upon I&E's analysis of the filing, acceptance of the proposed Settlement is in the public interest because it appropriately resolves the issue in this proceeding in a way that is mutually agreeable to the Company, OCA and I&E. Further, resolution of this case by settlement rather than litigation will avoid the substantial time and effort involved in continuing to formally pursue all issues in this proceeding at the risk of accumulating excessive expense.

18. I&E further submits that the acceptance of this Settlement negates the need for extensive evidentiary hearings, which would compel the devotion of time and expense for the preparation, presentation, and cross-examination of multiple witnesses, the preparation of Main and Reply Briefs, the preparation of Exceptions and Replies, and the potential of filed appeals, all yielding substantial savings for all parties and ultimately all customers. Moreover, the Settlement provides regulatory certainty with respect to the disposition of issues and final resolution of this case which all the Parties agree benefits their discrete interests and is in the public interest.

19. The Settlement is conditioned upon the Commission's approval of all terms without modification. Should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by the Company, I&E, or any other Party.

20. This Settlement is being presented only in the context of this Section 1307(f) proceeding to resolve certain outstanding issues in a manner that is fair and reasonable. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event the Settlement is rejected by the Commission or otherwise properly withdrawn by any other Parties to the Settlement. Furthermore, the Settlement reflects compromises on all sides, and is presented without prejudice to the positions that any of the parties may advance in future Peoples proceedings on the merits of the issues.

21. If ALJ Dunderdale recommends that the Commission adopt the Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E does not waive its right to file Exceptions with respect to any modifications to the terms and conditions of the Settlement or any additional matters that may be proposed by ALJ Dunderdale in her Recommended Decision. Further, I&E does not waive the right to file Replies in the event any party files Exceptions.

**WHEREFORE**, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement of Section 1307(f) Rate Investigation as being in the public interest and respectfully requests that Administrative

Law Judge Karina L. Dunderdale recommend, and the Commission approve, the terms and conditions contained in the Settlement without modification.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carrie B. Wright".

Carrie B Wright  
Deputy Chief Prosecutor  
PA Attorney ID No. 208185

Adam J. Williams  
Prosecutor  
PA Attorney ID No. 310019

Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, Pennsylvania 17120  
(717) 783-6156

Dated: June 13, 2025

# **APPENDIX F**

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3053184
	:	
Peoples Natural Gas Company LLC	:	
	:	
	:	
	:	

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STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE  
IN SUPPORT OF SETTLEMENT

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The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Settlement of Peoples Natural Gas Company, LLC, (Peoples or the Company) Gas Cost Rate (GCR) proceeding (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

**I. INTRODUCTION**

On January 31, 2025, Peoples submitted its 60-day purchased gas cost (PGC) pre-filing pursuant to 52 Pa. Code Sections 53.64 and 53.65. The Company’s filing was assigned to the Office of Administrative Law Judge (OALJ) and further assigned to Administrative Law Judge (ALJ) Katrina Dunderdale for investigation and scheduling of hearings to determine whether Peoples’ purchased gas costs comply with the standards set forth in the Public Utility Code.

On February 20, 2025, the OCA filed a Notice of Appearance, Formal Complaint and Public Statement. Also on February 20, 2025, the Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance. On February 27, 2025, the Office of Small Business Advocate

(OSBA) filed a Notice of Appearance. On February 28, 2025, Peoples submitted its 30-day purchased gas cost (PGC) pre-filing pursuant to 52 Pa. Code Sections 53.64 and 53.65.

On March 17, 2025, ALJ Dunderdale sent e-mail correspondence to counsel in this proceeding, directing the parties to plan for a prehearing conference at 9:00 AM on April 10, 2025. On March 31, 2025, the Bureau of Investigation and Enforcement (I&E) filed an additional Notice of Appearance.

On April 1, 2025, the Company submitted its definitive filing pursuant to Section 1307(f) of the Public Utility Code. 66 Pa. C.S. § 1307(f). On April 1, 2025, the ALJ issued an Order setting the date and time for the prehearing conference in this matter for Thursday, April 10, 2025, at 9:00 A.M. On April 2, 2025, OSBA filed a Formal Complaint and Public Statement. On April 9, 2025, the Pennsylvania Independent Oil & Gas Association (PIOGA) Notice of Appearance and on April 10, 2025, PIOGA filed a Petition to Intervene.

The OCA retained Jerome D. Mierzwa<sup>1</sup> to provide technical assistance and to review the Company's gas purchasing practices and operations. Mr. Mierzwa reviewed the Company's preliminary and definitive filings in this matter. In addition, the OCA served discovery on the Company and reviewed all Company responses. The OCA filed Direct Testimony on April 24, 2025. No other non-Company party submitted Direct Testimony in this proceeding.

Subsequently, in accordance with the Commission's Rules and Regulations at 52 Pa. Code Section 5.231, the parties undertook discussions in an attempt to reach settlement. Following good faith negotiations, on May 15, 2025, counsel for the Company informed the ALJ that all parties

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<sup>1</sup> Mr. Mierzwa is a Principal with and Vice President of Exeter Associates, Inc. ("Exeter"). Since joining Exeter in 1990, he has specialized in evaluating the gas purchasing practices and policies of natural gas distribution companies ("NGDCs"), utility class cost of service and rate design analysis, sales and rate forecasting, performance-based incentive regulation, revenue requirement analysis, the unbundling of utility services and the evaluation of customer choice natural gas transportation programs.

including the Company, the OCA, OSBA, and PIOGA (referred to collectively as Joint Petitioners) had reached a settlement in principle of all issues in the proceeding.

The terms and conditions of the settlement agreement reached by the Joint Petitioners are now embodied in the “Settlement Petition” that accompanies this instant Appendix/Statement in Support. The OCA submits that the Company has met the requirements of 66 Pa. C.S. Sections 1307(f) and 1318, and that the Settlement is in the public interest for the reasons set forth below.

## **II. LEGAL STANDARDS**

The Commission encourages parties in contested, on-the-record proceedings to settle cases. *See* 52 Pa. Code § 5.231. A settlement, by definition, reflects a compromise of the parties’ positions. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the settlement suits the public interest. *Pa. PUC v. CS Water and Sewer Associates*, 74 Pa. PUC 767, 711 (1991); *see also Pa. PUC v. Phila. Electric Co.*, 60 Pa. PUC 1, 21 (1985).

Peoples has the burden of proof to establish the justness and reasonableness of every element of its requested rate increase:

Reasonableness of rates – In any proceeding upon the motion of the Commission, involving any proposed or existing rate of any public utility, or in any proceedings upon the complaint involving any proposed increase in rates, the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility.

66 Pa. C.S. § 315(a). The evidence necessary to meet that burden must be substantial, legally credible, and cannot be mere “suspicion” or “scintilla” of evidence. *Lower Frederick Twp. Water Co. v. Pa. PUC*, 409 A.2d 505, 507 (Pa. Cmwlth. Ct. 1980); *Lansberry v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Cmwlth. Ct. 1990) (*Lansberry*).

### III. SETTLEMENT

#### A. The Wagner Adjustment. Settlement ¶ 26

The “Wagner matter” relates to a civil lawsuit in which Peoples is a party that may incur damages. Under the Settlement, upon the final and unappealable resolution of the Wagner matter, Peoples will be permitted to include up to \$665,183 of the awarded damages incurred by the Company in the Company’s e-factor for recovery when the amount of the awarded damages and the payment date for the awarded damages are determined. Settlement ¶ 26. Further, Peoples retains the right to propose to recover additional damages, including interest, which may result from the Wagner matter, in future PGC proceedings. *Id.* All parties reserve the right to review and address this issue in future proceedings. *Id.*

The OCA was the only party to raise any issue regarding Peoples PGC for the 2025-2026 period. *See* OCA St. 1. The OCA’s expert witness, Mr. Jerome Mierzwa, solely recommended in his Direct Testimony that the Commission should not authorize Peoples to include \$665,183 in rates in relation to the Wagner matter, which Peoples referred to as the “Wagner Adjustment.” OCA St. 1 at 4-5. OCA witness Mierzwa’s Highly Confidential Direct Testimony includes a discussion of Peoples proposed adjustment and Mr. Mierzwa’s reasonable concerns with Peoples’ inclusion of the “Wagner Adjustment” in rates. *Id.*

The provisions contained in the Settlement represent a reasonable compromise and will provide the Parties assurance that safeguards are in place to protect ratepayers from being charged for Company expenses that may or may not actually be incurred. Moreover, there are three conditions precedent that will need to be met in order for the Company to confirm that this is a cost Peoples will be held liable for: 1) the Wagner matter will require a final and unappealable resolution; 2) the amount of award damages will need to be determined; and 3) the payment date

for awarded damages will need to be determined. Settlement ¶ 26. The three conditions are designed to remove uncertainty and speculation as to whether this cost will be incurred by the Company.

Agreeing to allow Peoples to incorporate the awarded damages in a subsequent e-factor filing is reasonable because the e-factor is a mechanism that allows a gas utility to true-up its costs as they relate to purchased gas. Settlement ¶ 26. This brings the inclusion of the damages expense in-line with how it would be collected had the amount been known and certain at the time of this current PGC rate filing. This settlement provision helps ensure that all calculations in the Company's PGC filing are just and reasonable and this provision is in the public interest. Furthermore, the Settlement reduces the administrative burden and costs to resolve the issues. For all these reasons, the Settlement is in the public interest and should be adopted.

#### IV. CONCLUSION

The Office of Consumer Advocate submits that the terms of the Settlement are in the public interest and in the interest of Peoples' ratepayers. Based on the above reasons, the Office of Consumer Advocate submits that the Commission should approve the proposed Settlement.

Respectfully Submitted,

/s/ Ryan Morden

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