

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2025-3053184
Office of Consumer Advocate	:	C-2025-3053503
Office of Small Business Advocate	:	C-2025-3054391
Daniel Killmeyer	:	C-2025-3055049
	:	
v.	:	
	:	
Peoples Natural Gas Company LLC	:	
1307(f) Proceeding	:	

RECOMMENDED DECISION

Before
Katrina L. Dunderdale
Administrative Law Judge

INTRODUCTION

This Recommended Decision recommends the Joint Petition for Settlement be adopted without modification, which proposes the Purchased Gas Cost for Peoples Natural Gas Company LLC (Peoples, the Company or PNG), should include a decrease of \$0.0113/Mcf, or -0.09%, for the residential class as of October 1, 2025. The presiding officer recommends the Commission approve the Joint Petition for Settlement as it is in the public interest and consistent with the requirements of the Public Utility Code, 66 Pa.C.S. §§ 1307(f) and 1318. The last reasonable public meeting date before which the Commission must act is September 25, 2025.

HISTORY OF THE PROCEEDING

Pursuant to Section 1307(f) of the Public Utility Code, Peoples Natural Gas Company LLC (Peoples Natural Gas, the Company or PNG) filed a Pro Forma Supplement with proposed changes to the Peoples Retail Tariff Gas Pa. P.U.C. No. 48 and the Peoples Supplier Tariff No. S-4. This filing was docketed at R-2025-3053184, to provide for projected changes in tariff rates resulting from changes in purchased gas costs.¹

In the tariff supplement, Peoples Natural Gas proposes an increase of \$0.9554 per Mcf, or +8%, in the Residential rate for Peoples Natural Gas Company LLC (Peoples Natural Gas Division or PNGD), for recovery of purchased gas costs applicable to residential sales service customers.² The proposed rates, if approved by the Commission, would have produced an increase in the annual Residential rate from the current \$1,152 to the proposed \$1,229 for Peoples' customers.

Complaints were filed by OCA at Docket No. C-2025-3053503, and by OSBA at Docket No. C-2025-3054391, against Peoples Natural Gas. The presiding officer consolidated OCA and OSBA's complaints into this proceeding in the Prehearing Order.

¹ See Peoples Natural Gas Appendix A in the Company's Initial Filing.

² Effective with the implementation of new base rates on September 27, 2024, in Peoples Natural Gas Company LLC's base rate proceeding at Docket No. R-2023-3044549, the rates and tariffs of the former Peoples Natural Gas Company LLC – Peoples Natural Gas Division (PNGD or Peoples Natural Gas Division) and the former Peoples Natural Gas Company LLC – Peoples Gas Division (PGD or Peoples Gas Division) were combined. As a condition of settlement, the requirement to maintain separate books and records for PNGD and PGD was terminated. Peoples' books and records for the 12 months ended December 31, 2024, and now are on a consolidated basis.

Various parties entered appearances in addition to the utility, including the Commission's Bureau of Investigation and Enforcement (BIE), the Office of Small Business Advocate (OSBA), and the Office of Consumer Advocate (OCA).

By Notice issued April 1, 2025, the Office of Administrative Law Judge (OALJ) scheduled a prehearing conference for April 10, 2025, as an initial call-in telephonic prehearing conference, with the presiding officer and all parties appearing through the Commission's conference bridge capability.

On April 1, 2025, the presiding officer served the Prehearing Conference Order on the parties and outlined some procedural rules and processes, including the requirement to file a prehearing memorandum. Prehearing memoranda were filed on behalf of the Company, BIE, OCA, OSBA and Pennsylvania Independent Oil & Gas Association (PIOGA).³

On April 10, 2025, the presiding officer conducted the prehearing conference, with the following parties present and represented by counsel: Peoples, BIE, OCA, OSBA and PIOGA. At the prehearing conference, the parties considered issues raised by the filings, discussed prehearing matters and established a litigation schedule.

On April 15, 2025, the presiding officer issued the Prehearing Order, which memorialized the matters discussed, decided and agreed to by the parties during the prehearing conference. In addition, the presiding officer granted PIOGA's unopposed intervention request and consolidated the complaints of OSBA and OCA into this proceeding.

³ On April 10, 2025, PIOGA filed its Petition to Intervene after the conclusion of the prehearing conference. Peoples indicated via email communication on April 10, 2025, that it had no opposition to the petition to intervene.

On April 23, 2025, consumer Daniel Killmeyer, pro se, filed a Formal Complaint in this proceeding which was docketed at C-2025-3055049.

Peoples Natural Gas filed the direct testimonies, with associated exhibits, of five witnesses with the initial filing on April 1, 2025. On April 30, 2025, OCA served the written direct testimony of Jerome Mierzwa. On May 13, 2025, Peoples Natural Gas served the written rebuttal testimony of one witness.

On May 14, 2025, Peoples Natural Gas filed a Motion for Protective Order. On May 21, 2025, the presiding officer issued an order granting the Company's request for Protective Order.

On May 21, 2025, Peoples, on behalf of itself, BIE, OCA, OSBA and PIOGA, (collectively, the parties), filed the Joint Stipulation for Admission of Evidence. The parties stipulated Peoples and OCA were the only parties to submit written direct testimony and exhibits and Peoples was the only party to submit rebuttal testimony. All parties agree that the written direct testimony and exhibits of Peoples and OCA, plus the rebuttal testimony of Peoples, have been authenticated and should be admitted into the record. The parties requested the statements and exhibits be admitted into the record of this proceeding and expressly waived the opportunity for cross-examination of the witnesses sponsoring those statements and exhibits.

On May 22, 2025, the presiding officer convened the evidentiary hearing, at which the following parties appeared: Peoples, BIE, OCA, OSBA and PIOGA. Both Peoples and OCA moved to admit their written statements and exhibits into the hearing record. The presiding officer granted the motions and admitted the written statements and exhibits, with verifications, into the hearing record.

On May 27, 2025, the presiding officer issued the Post Hearing Order, which memorialized the admission of the documents into the record and listed the statements and exhibits admitted at the evidentiary hearing.

On June 13, 2025, the Joint Petition for Settlement of the Section 1307(f) Rate Investigation (Settlement or Joint Petition), including Statements in Support from Peoples Natural Gas, BIE and OCA, was filed with the Secretary's Bureau. Peoples provided a copy of the Settlement to the presiding officer and all parties, including one individual formal complainant. OSBA and PIOGA did not join in the Settlement, however, Letters of Non-Opposition to the Settlement were filed separately by OSBA and PIOGA on June 13, 2025.

On June 16, 2025, the presiding officer served a letter on the individual formal complainant, Daniel Killmeyer, advising him of his right to object to or comment on the Settlement provided any written objection or statement was filed on or before June 26, 2025. No response was received from the formal complainant prior to the date the hearing record closed.

On June 16, 2025, the presiding officer issued the Second Post Hearing Order, which removed the designation of "Highly Confidential" from three written statements admitted into evidence at the evidentiary hearing and marked the written statements as public.

On June 27, 2025, the presiding officer issued an Interim Order Closing the Hearing Record.

DESCRIPTION AND TERMS OF SETTLEMENT

In accordance with Rule 5.231 of the Commission's Rules of Practice and Procedure, 52 Pa. Code § 5.231, the parties achieved a settlement in principle under which all issues are resolved. The Settlement is fully executed by Peoples Natural Gas, BIE and OCA (signatories, the parties or Joint Petitioners) and consists of 31 pages with six appendices. Appendix A sets forth a table comparing the current rates, the proposed rates and the Settlement rates for each class. Appendix B sets out the retail tariff supplement describing the agreed upon rates with rates to become effective October 1, 2025, subject to updates and tariff modifications.⁴ Appendix C sets out the supplier tariff supplement as described in the Settlement. Appendices D through F set forth the Statements in Support of Peoples Natural Gas, BIE and OCA, respectively.

The Joint Petitioners express their agreement with respect to seven (7) matters: (1) Wagner Adjustment; (2) Audit Findings; (3) Allegheny Valley Connector (AVC) Rates; (4) Customer Retainage Rates; (5) Producer Retainage Rates; (6) Unaccounted For Gas (UFG); and (7) Miscellaneous items. The Joint Petitioners specifically agreed to the following settlement terms, as provided in the Settlement at Section II, Numbered Paragraph Nos. 26 through 40, and as provided *verbatim* below.

⁴ 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.

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 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. RETAINAGE RATES

32. Peoples' stand-alone tariffed retainage rate for all classes, except Rate MLS customer, 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. Retainage Rate for the Goodwin system will be 42.3% for the period of October 1, 2025 to September 30, 2026.

F. UNACCOUNTED FOR GAS ("UFG")

36. Parties acknowledge that the Peoples' distribution UFG percentage for the twelve-month period ending 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.

Settlement, pp. 5-6.

RATE IMPACT OF SETTLEMENT

In Numbered Paragraph No. 41 of the Settlement, the signatories noted the presiding officer directed the parties to provide the following material in any 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 as a percentage of increase or decrease of the current rates; and (3) the impact on each customer class (e.g., under the proposed rate each customer would have paid X, and under the agreed-upon amount, each customer will pay Y).

Further, in Numbered Paragraph No. 42 of the Settlement, the Joint Petitioners note that, consistent with past proceedings, the requested information is set forth in the table in Appendix A. In Appendix A, the signatories provided the following information:

Table 1: Rate Changes

Rate Schedule	Average Annual Usage (Mcf)	Existing Tariff Rate ⁵ (\$)	As-Filed Gas Cost Change (\$)	As-Filed Percent Change (%)	Settlement Gas Cost Change ⁶ (\$)	Settlement Gas Cost Change ⁷ (\$)
RS	80	11.8985	0.9554	8.0	0	(-0.0113)
SGS	250	9.5255	0.9907	10.4	0	(-0.0111)

⁵ Per Peoples Natural Gas net billing rate effective on March 1, 2025, in dollars.

⁶ Change, in dollars, if including the Wagner adjustment up to \$665,183.

⁷ Change, in dollars, if excluding the Wagner adjustment in its entirety.

MGS	1,750	8.9897	1.2381	13.8	0	(-0.0111)
LGS	50,000	7.5640	1.5293	20.2	0	(-0.0111)

Rate Schedule	Wagner Inclusion % Change	Wagner Exclusion % Change	Annual Bill As-Filed (\$)	Annual Bill Settlement ⁸ (\$)	Annual Bill Settlement ⁹ (\$)
RS	0	(-0.09)	1,229	1,229	1,228
SGS	0	(-0.11)	2,891	2,891	2,889
MGS	0	(-0.11)	19,103	19,103	19,083
LGS	0	(-0.12)	472,128	472,128	465,315

FINDINGS OF FACT

The signatories agreed to several proposed findings of fact with citations to the record of admitted evidence. As set forth in Section IV, Numbered Paragraphs Nos. 43 through 88 of the Settlement, the signatories asserted these proposed findings provide the information necessary to support the “Findings of Fact” and the proposed findings are adopted and set forth as stated *verbatim* below.

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”),

⁸ Annual Bill if the Wagner adjustment is included up to \$665,183.

⁹ Annual Bill if the Wagner adjustment is excluded in its entirety.

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, p. 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,^[10] no-notice transportation service under Rate Schedule FTSS,^[11] and Storage

¹⁰ Enhanced Firm Transportation.

¹¹ Firm Transportation Storage Service.

Service under Rate Schedule GSS.^[12] The FTSS and GSS service agreements provide Peoples and its customers with access to AVC storage capacity of 8.6 MMDth^[13] annually and maximum deliverability of 200,000 Dth^[14] 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^[15] 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

¹² General Storage Service.
¹³ Million Dekatherms.
¹⁴ Dekatherm.
¹⁵ Firm Transportation, No-Notice.

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, PGD had 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 Natural Gas 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^[16] 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. PNGD 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 \$12,000 per month or \$60,400 for the deal term. The deal allowed for combinations of baseload and daily

¹⁶ Heating Degree Days.

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, PNGD 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 PNGD's 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, 0 -3,000 Dth/day delivered to Pulaski, and 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 [Billion Cubic Feet] 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 target 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, pp. 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.)

Settlement, pp. 7-24.

STATEMENTS IN SUPPORT

A. Wagner Adjustment

Company Position

Peoples asserts it has been involved as a defendant in a lawsuit in the Court of Common Pleas of Indiana County (Indiana County Lawsuit). Peoples notes the trial court found against Peoples and determined Peoples breached its contract with a natural gas producer by treating the “Posted Price” under the contract as a “Fixed Price.” Peoples notes the Indiana County Lawsuit went up to the Superior Court on appeal, which upheld the trial court as to breach of contract but remanded the case back to Indiana County Court of Common Pleas to award damages. Peoples asserts the parties in the Indiana County Lawsuit currently are litigating the issue of damages and there is a hearing scheduled in August 2025.¹⁷

Peoples contends it owes the producer in that proceeding the amount of \$665,183, which represents the difference in the Posted Price versus what was paid for the gas.¹⁸ In this proceeding, Peoples proposed to include that amount (\$665,183) in the projected gas costs and Peoples notes OCA did not oppose recovery of the Wagner Adjustment. Peoples notes no party herein opposed recovery of this adjustment but

¹⁷ Peoples St. No. 1, pp. 15-17.

¹⁸ Peoples St. No. 1, p. 16.

acknowledges OCA argued the Wagner Adjustment should not be collected until the payment amount and date are determined definitively by the trial court.¹⁹

Peoples contends the proposed Settlement effectively adopts OCA's position and provides, once the Wagner matter reaches a final and unappealable resolution, Peoples will be permitted to include up to \$665,183 of the awarded damages, once the amount of the awarded damages and the payment date for the awarded damages are determined. Peoples notes it will retain the right to propose recovery of 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.²⁰

Peoples argues this Settlement provision is in the public interest and should be approved. Peoples asserts its customers paid less for gas during the time period covered by the lawsuit than what the trial court determined (or will determine during a future hearing) in the Indiana County Lawsuit is the amount Peoples should have paid. The Company notes it expects to be required to pay the producer for under-payments, as determined by the trial court. Peoples contends 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.

Furthermore, Peoples argues common practice in PGC proceedings is to make prior period adjustments to gas costs. In Peoples' 2020 PGC proceeding,²¹ the Company notes the Commission required Peoples to refund certain gas costs going back to 2015 pursuant to an Audit Report, and Peoples notes that Commission Order was

¹⁹ OCA St. No. 1, p. 5.

²⁰ Settlement ¶ 26.

²¹ *Pa. Pub. Util. Comm'n v. Peoples Natural Gas Company, LLC*, Docket No. R-2020-3017850 (Order entered September 17, 2020).

upheld in a non-reported Commonwealth Court Order on April 13, 2022.²² In last year's PGC proceeding, the Commission approved a Settlement which revised the Company's storage valuation methodology going back to 2020.²³ Peoples also notes the Company is making other prior period adjustments related to audit findings.

BIE Position

BIE asserts the Settlement provision concerning the Wagner Adjustment is in the public interest because the adjustment will permit Peoples to include up to \$665,183 of the awarded damages in the Company's e-factor for recovery. BIE points out the amount will not be included until after the Court of Common Pleas determines the amount of the awarded damages and the payment date for the awarded damages. Further, BIE notes all parties reserved the right to review and address this issue in future proceedings which protects the affected parties if the final determination in the lawsuit results in a substantial or substantive unforeseen consequence. BIE contends this term provides some certainty to Peoples regarding the amounts to be recovered while certain issues surrounding this adjustment continue to be litigated, and it also provides all parties with the ability to review and address this issue if needed to protect the interest of ratepayers

OCA Position

OCA notes this proposed adjustment relates to the Indiana County Lawsuit in which Peoples, as a party defendant, will be required to pay damages. Under the Settlement, upon the final and unappealable resolution, Peoples will be permitted to

²² *Pa. Pub. Util. Comm'n v. Peoples Natural Gas Company, LLC*, 1024 C.D. 2020 (Pa. Cmwlth. April 13, 2022).

²³ *Pa. Pub. Util. Comm'n v. Peoples Natural Gas Company, LLC*, Docket No R-2024-3045945 (Order entered September 12, 2024); Settlement ¶ 33.

include up to \$665,183 of the awarded damages incurred by the Company in the Company's e-factor for recovery, once the amount of the awarded damages and the payment date for the awarded damages are determined.²⁴ Further, OCA points out Peoples retains the right in future PGC proceedings to propose recovery of additional damages, including interest, which might result from the Wagner matter. Lastly, OCA notes all parties reserve the right to review and address this issue in future proceedings.

OCA points out it was the only party to raise any issue regarding Peoples PGC for the 2025-2026 period. OCA notes its expert witness, Mr. Jerome Mierzwa, recommended the Commission should not authorize Peoples to include \$665,183 in rates (related to the Wagner adjustment) and discussed the reasonable concerns if the Commission permits Peoples to include the Wagner Adjustment in rates.²⁵

However, OCA contends the provisions contained in the Settlement represent a reasonable compromise and will provide assurance to the Parties 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 the Company must show to confirm this adjustment is a cost Peoples will be held liable for: 1) the Wagner matter reaches a final and unappealable resolution; 2) the amount of the award damages is determined; and 3) the payment date for awarded damages is determined.²⁶ OCA contends the three conditions are designed to remove uncertainty and speculation as to whether this cost will be incurred by the Company.

OCA argues that agreeing to allow Peoples to incorporate the awarded damages in a subsequent e-factor filing is reasonable because the e-factor is a mechanism

²⁴ Settlement ¶ 26.

²⁵ OCA St. No. 1 at 4-5.

²⁶ Settlement ¶ 26.

that allows a gas utility to true-up its costs as they relate to purchased gas.²⁷ This mechanism 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. OCA contends this settlement provision helps to ensure that all calculations in the Company's PGC filing are just and reasonable, and this provision is in the public interest. Furthermore, OCA asserts the Settlement reduces the administrative burden and costs to resolve the issues. For all these reasons, OCA argues the Settlement is in the public interest and should be adopted.

B. Audit Findings

Company Position

Peoples Natural Gas notes it 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, 2020.²⁸ The first related to the change in storage valuation methodology that was approved in last year's 2024 PGC proceeding. Peoples acknowledged the October 1, 2024 filing did not include the updated time period for the change in valuation methodology. In addition, the Company asserts it had further discussions with Audits²⁹ regarding the adjustment amount included in the January 1, 2025 rate filing. Peoples contends it discovered, upon review, a formula needed to be revised which resulted in Peoples owing the customers an additional refund of \$12,273. Peoples notes it agreed to include this amount, plus applicable interest, in the E-factor of the October 1, 2025 rate filing.³⁰ Since no party objected to these provisions, Peoples points out the refund with interest is set forth in Paragraph 27 of the Settlement.

²⁷ Settlement ¶ 26.

²⁸ Peoples St. No. 1, p. 10.

²⁹ The Commission's Bureau of Audits.

³⁰ Peoples St. No. 1, p. 12; Peoples Exhibits 9, 10.

Peoples points out the second audits-related issue concerns operation and maintenance (O&M) costs charged by interstate gas pipelines to the Company under TAP agreements.³¹ Peoples proposes to recover its annual O&M fees from interstate suppliers as gas costs, which recovery method is consistent with how it recovers other costs from interstate gas pipelines. Since no party objected to this proposal, Peoples asserts the parties set forth this provision in Paragraph 28 of the Settlement. Peoples argues this Settlement provision is in the public interest as it clarifies Peoples' recovery of costs from interstate pipelines.

Peoples asserts the third audits-related issue concerns the process for crediting supplier refunds to customers,³² which Peoples contends includes supplier refunds in current period costs in the month the supplier refunds are received by the Company. Peoples notes the supplier refund includes interest from the supplier from the time of occurrence to when the refund is delivered to the Company. However, Peoples contends the supplier refund 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.³³ Peoples contends it provides the refund to customers as soon as possible rather than holding the refund to incorporate it in the next E-factor. Peoples notes this proposal is set forth in Paragraph 29 of the Settlement and no party objected. Peoples argues this Settlement provision is in the public interest because it allows supplier refunds to be credited to customers as soon as they are received.

Peoples asserts the Settlement provisions related to the audit findings overall are reasonable and should be approved because the provisions provide clarity for

³¹ Peoples St. No. 1, p. 12.

³² Peoples St. No. 1, p. 13.

³³ Peoples St. No. 1, p. 13.

the Company, the parties and the Commission regarding how these issues are handled currently and will be handled going forward.

BIE Position

BIE notes the parties agreed Peoples' proposal with respect to the change in storage valuation methodology is appropriate. BIE also asserts that Peoples' proposal to recover operation and maintenance expenses included as part of a Tap Agreement with a pipeline as PGC costs is appropriate. Further, BIE agrees that Peoples' proposal to include supplier refunds in current period gas costs in the month that they are received by the Company is appropriate. BIE contends part of its investigation in this case included its review of the relevant Audit findings by the Commission's Bureau of Audits. Finally, BIE argues it is satisfied these Settlement provisions appropriately resolve the issues for the purposes of this proceeding.

OCA Position

OCA did not express an opinion concerning the Audit Findings.

C. Allegheny Valley Capacity Rates

Company Position

Initially, Peoples notes it provided an explanation regarding how Allegheny Valley Capacity (AVC) costs historically were recovered from customers. Peoples notes it once owned the AVC system and during that time, it recovered AVC costs through

base rates.³⁴ Peoples points out these AVC costs were removed from base rates and recovered as a stand-alone capacity charge after the AVC System was transferred to EQT Corporation as part of Peoples' acquisition of Equitable Gas.

Peoples asserts that it proposed herein to include the AVC capacity costs with other PGC capacity costs, and it proposed to recover all capacity costs in a single capacity charge from sales and Priority-One transportation customers.³⁵ Peoples points out it proposed that Non-Priority One transportation customers would pay for their portion of AVC costs through the balancing charge. Peoples notes that no party objected to these proposals, which are set forth in Paragraphs 30 and 31 of the Settlement. Lastly, Peoples contends 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, which will simplify rate design and cost recovery for the Company and for customers.

BIE Position

BIE notes Peoples' proposal to combine the AVC interstate pipeline capacity charges with Peoples' other interstate capacity charges is part of the Settlement and should be approved. Further, BIE asserts Peoples' proposed balancing charge calculation, including the addition of AVC storage costs, should be approved. BIE notes that, while it did not challenge the AVC rates proposed in this case, BIE argues it closely reviewed these rates and maintains that the AVC rates provided for in the Settlement are appropriate and in the public interest.

³⁴ Peoples St. No. 1, p. 3.

³⁵ Peoples St. No. 1, p. 8.

OCA Position

OCA did not express an opinion concerning the AVC rates.

D. Retainage Rates

Company Position

Peoples proposes that its stand-alone tariffed retainage rate for all classes, except for rate Main Line Service (MLS) customers, should be 6.5%, effective October 1, 2025.³⁶ Peoples notes no party challenged this calculation of retainage rates, and no party presented testimony on the subject. Peoples asserts this Settlement provision constitutes an unopposed proposal that Peoples fully supported in its main filing,³⁷ and Peoples submits that this Settlement provision is just and reasonable and should be approved without modification.

For MLS customers, Peoples proposed that the retainage rate applied to a retainage customer should be the greater of the actual lost and unaccounted for gas percentage for the facility being used, or one percent (1%), if their actual lost and unaccounted for gas percentage can be measured. Peoples proposed that the retainage rate should be the distribution unaccounted for gas (UFG) percentage, per the most recently filed UFG report with the Commission, in cases where it is not possible to measure the actual lost and unaccounted for gas percentage for a MLS customer.³⁸ The Company argued this proposal was reasonable because MLS customers either do not use the distribution system or use a very minimal portion of it. Peoples notes no party disagreed with the Company's proposal, nor presented testimony on the subject and,

³⁶ Peoples St. No. 1, p. 8.

³⁷ Settlement ¶ 32.

³⁸ Peoples St. No. 1, p. 9.

accordingly, the Settlement provision represents an unopposed proposal that was fully supported by Peoples in its main filing.³⁹ Peoples submits this Settlement provision is just and reasonable, and the Commission should approve the provision without modification.

BIE Position

While BIE did not express an opinion concerning the Customer Retainage Rates or the Producer Retainage Rates separately, in general, BIE asserted the parties agree the stand-alone tariffed retainage rate for all rate classes, except rate MLS, should be 6.5%, effective October 1, 2025, and Peoples Rate MLS retainage rate should be approved. Further, BIE asserts 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 will be 42.3% for the period of October 1, 2025 to September 30, 2026. BIE notes that, although it did not challenge the retainage rates proposed herein, it closely reviews retainage rates in each annual PGC proceeding, and BIE maintains the retainage rates as proposed in this Settlement are appropriate and in the public interest.

OCA Position

OCA did not express an opinion concerning the Retainage Rates in its Statement in Support.

³⁹ Settlement ¶ 33.

E. Producer Retainage Rates

Company Position

The Company asserts it presented testimony regarding retainage recovery on the Goodwin system and retainage recovery generally.⁴⁰ Peoples asserts that it proposed the producer retainage rate, to become effective on October 1, 2025, should remain at 2.61% for all conventional production entering Peoples' system.⁴¹ Similarly, Peoples contends the retainage rate for the Company's Goodwin system should be 42.3%.⁴² Through its witness, Peoples contended 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.^[43]

Peoples points out no party took issue with or presented any testimony responsive to Peoples' proposal related to producer retainage rates, which Peoples argues were rates it fully explained and supported. Further, Peoples contends the producer retainage Settlement provisions are just and reasonable because these provisions memorialize the Company's unopposed proposal(s) related to producer retainage rates,⁴⁴ and the Commission should approve these provisions without modification.

⁴⁰ Peoples St. No. 5.

⁴¹ Peoples St. No. 5, p. 10.

⁴² Peoples St. No. 5, pp. 12-13.

⁴³ Peoples St. No. 5, p. 13.

⁴⁴ Settlement ¶¶ 34-35.

BIE Position

BIE did not express a separate opinion concerning Producer Retainage Rates.

OCA Position

OCA did not express an opinion concerning Producer Retainage Rates.

F. Unaccounted For Gas

Company Position

Peoples asserts the Company's overall system UFG amount was 6.18 Bcf, which resulted in an overall system loss rate of 4.57%, which figure represented a 12% decrease from what the Company's UFG volume was in 2019.⁴⁵ Further, Peoples contends 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 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.^[46]

⁴⁵ Peoples St. No. 5, p. 3.

⁴⁶ Peoples St. No. 5, pp. 4-5.

The Company notes it 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.

Peoples asserts it has seen decreasing production levels delivered into its lines in recent years due to normal production declines and decreased new drilling within the Company's system.⁴⁷ Peoples further contends the production declined by 2.0 BCF, or 5.8%, during the relevant PGC period, but had the 2024 production remained at the same rate as it was seen in 2023, the 2023 loss rate would have been 6.61%.⁴⁸ Peoples contends the success it achieved derived from 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.⁴⁹

Peoples notes 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, and the parties accept the Company's claim for UFG based on the revised UFG report filed on April 14, 2025.⁵⁰ Peoples contends this Settlement provision is reasonable, in the public interest and should be approved without modification.

⁴⁷ Peoples St. No. 5, p. 6.

⁴⁸ Peoples St. No. 4, pp. 5-6.

⁴⁹ Peoples St. No. 5, p. 8.

⁵⁰ Settlement ¶ 36.

BIE Position

BIE notes the parties agree that Peoples' claim for UFG in this proceeding is reasonable. BIE asserts it closely scrutinizes the UFG claims in each 1307(f) proceeding and in this proceeding, it did not raise an issue with the Company's UFG claim in testimony. Nevertheless, BIE contends it 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. BIE asserts that 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.

OCA Position

OCA did not express an opinion concerning Unaccounted for Gas in its Statement in Support.

G. Miscellaneous

Company Position

The Company notes the Miscellaneous portion of the Settlement memorializes various agreed-upon terms contained in the Company's 2025 definitive PGC filing that were unopposed by the various parties to this proceeding. Specifically, Peoples asserts this portion of the Settlement evidences an agreement among the parties that: (1) the overrun and Operational Flow Orders (OFO) charges incurred and included with the

Company's main filing were prudent and in compliance with the least cost gas standard;⁵¹ (2) except as revised by the Settlement, the proposed rates and other requested approvals contained in the Peoples' 2025 PGC filing should be approved;⁵² (3) the Peoples' compliance filing will reflect updated actual and projected over/under collections through September 30, 2026;⁵³ and (4) 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.⁵⁴

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

BIE Position

BIE acknowledges that it did not submit any testimony concerning the remaining terms of the Settlement. However, based upon its analysis of the filing, BIE argues that acceptance of the proposed Settlement is in the public interest because it appropriately resolves the issues in this proceeding in a way that is mutually agreeable to the Company, OCA and BIE. Further, BIE contends that resolution of this case by settlement rather than litigation will avoid the substantial time and effort involved in

⁵¹ Settlement ¶ 37.

⁵² Settlement ¶ 38.

⁵³ Settlement ¶ 39.

⁵⁴ Settlement ¶ 40.

continuing to formally pursue all issues in this proceeding at the risk of accumulating excessive expense.

OCA Position

OCA did not express an opinion concerning Miscellaneous issues in its Statement in Support.

DISCUSSION

In this proceeding, three of the five active parties reached a proposed Settlement and the remaining two active parties indicated no opposition to the proposed Settlement. The Commission encourages parties in contested on-the-record proceedings to settle cases,⁵⁵ because settlements eliminate the time, effort and expense of litigating a matter to its ultimate conclusion, which may entail review of the Commission's decision by the appellate courts of Pennsylvania. Such savings benefit not only the individual parties, but also the Commission and all ratepayers of a utility, who otherwise may have to bear the financial burden such litigation necessarily entails.

By definition, a "settlement" reflects a compromise of the parties' positions and arguably fosters and promotes the public interest. When active parties in a proceeding reach a settlement, the benchmark or inquiry to determine whether a settlement is acceptable is if the proposed terms and conditions are in the public interest.⁵⁶ I recommend the Commission accept the Company's Section 1307(f) filing, as modified by the Settlement. The Settlement is in the public interest, advances the least

⁵⁵ 52 Pa. Code § 5.231.

⁵⁶ *Pa. Pub. Util. Comm'n v. CS Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

cost procurement objective, which benefits all ratepayers, and is a fair, just and reasonable resolution.

People Natural Gas, BIE and OCA assert, after extensive discovery and discussion, this Settlement resolves the issues, fairly balances the interests of the Company and its ratepayers, is in the public interest, is consistent with the requirements of Sections 1307 and 1318 of the Public Utility Code,⁵⁷ and, accordingly, should be approved.

Peoples avers the Joint Petitioners arrived at a Settlement that resolved all issues in a fair and equitable manner and result after a detailed examination of Peoples' natural gas procurement practices using numerous discovery responses, testimony and accompanying exhibits, followed by the presentation of counter-positions on some issues, and then settlement negotiations.

Section 1307(f)(5) of the Public Utility Code (Code), 66 Pa.C.S. § 1307(f)(5), requires that the Commission determine the portion of Peoples' historic period actual gas costs which meet the least cost fuel procurement standards set forth in Section 1318 of the Code, 66 Pa.C.S. § 1318. In addition, Section 1318 findings must be made with respect to the new gas cost rate (GCR) to be established in this proceeding. Pursuant to Section 1317 of the Code, 66 Pa.C.S. § 1317, the Commission requires the submission of certain information to enable it to make a least cost fuel procurement policy evaluation.

In determining whether Peoples Natural Gas is pursuing a least cost fuel procurement policy under Section 1318 of the Code, the specific findings in Sections 1318(a)(1) through (4) must be made. Those specific findings must be: (1) that the utility

⁵⁷ 66 Pa. C.S. §§ 1307, 1318.

fully and vigorously represented its ratepayers' interests before the Federal Energy Regulatory Commission (FERC); (2) that the utility took all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the utility from terms in existing contracts with its gas suppliers which are or may be adverse to ratepayer interests; (3) that the utility 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; and (4) that the utility 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.⁵⁸

Party Positions on Public Benefit from Settlement

Company Position

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

Peoples points out the Settlement was achieved after a comprehensive investigation of Peoples' natural gas procurement policies and operations, with formal discovery requests, and testimony from Peoples and OCA served, plus participation by the Joint Petitioners in settlement discussions and formal negotiations, which ultimately led to the Settlement.

⁵⁸ 66 Pa.C.S. § 1318(a)(1)-(4).

Peoples asserts the Joint Petitioners, as well as their experts and counsel, have considerable experience in PGC proceedings. In addition, Peoples asserts the knowledge, experience, and ability of the experts and counsel 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, the Company asserts the Settlement is just and reasonable, and Peoples' 2025 1307(f) filing, as modified by the Settlement, should be approved.

Bureau of Investigation and Enforcement

BIE agrees with the other Joint Petitioners that the Commission should approve the proposed rates and other approvals contained in Peoples' PGC filing, except as revised by the Settlement. BIE asserts its review of all available information confirms Peoples met the requirements under 66 Pa.C.S. § 1318 that the Company pursued a least cost fuel procurement policy, consistent with the utility's obligation to provide safe, adequate and reliable service to its customers, and the purchased gas costs Peoples incurred during the historic period adhered to a least cost fuel procurement policy. BIE points out ratepayers benefit when natural gas distribution companies adhere to a least cost procurement policy because the least cost gas directly impacts customer gas bills and obligates a company to provide safe, adequate and reliable service to its customers. BIE maintains the Company's gas purchasing practices have satisfied its least cost procurement obligation, based on BIE's review of the filing and extensive discovery and settlement discussions. BIE further maintains it analyzed the Company's E-factor and found that it was calculated in accordance with established Commission practices, which review benefits the public interest because the proper calculation of the E-factor ensures rates are adjusted appropriately. Additionally, BIE contends it determined that it appears those costs are consistent with a least cost fuel procurement policy and that the rate changes contained in Table 1 of the Settlement are appropriate. BIE maintains Peoples' ratepayers are protected because the Company gains no unwarranted financial advantages

through its projected gas purchases and projected gas purchasing policies.

Office of Consumer Advocate

OCA submits the parties engaged in good faith settlement discussions, pursuant to 52 Pa. Code § 5.231 and, on May 15, 2025, the Company (on behalf of itself, BIE and OCA, collectively Joint Petitioners) informed the ALJ that the Joint Petitioners reached a settlement in principle on all issues, to which OSBA and PIOGA did not oppose. OCA submits Peoples met the requirements specified in 66 Pa.C.S. §§ 1307(f) and 1318, and the Settlement is in the public interest. OCA requests the Commission approve the Settlement without modification.

RECOMMENDATION

Upon review of the Settlement and Statements in Support, the presiding officer agrees the Joint Petitioners achieved a fair and reasonable compromise that resolves the issues. Peoples asserted the Commission should make all the findings required under 66 Pa.C.S. § 1318 concerning its gas purchases and gas purchasing practices, find the rates proposed in the Settlement are just and reasonable, and approve the Settlement without modification. Upon review of the evidence in the record, the presiding officer agrees with the Company's assertion.

It should be noted the Settlement references an ongoing legal dispute that involves Peoples and an entity not involved in this proceeding. The trial court therein had determined previously that Peoples breached a contract with a producer when Peoples paid a lesser amount than the contract required or indicated. All of the parties herein agree that the higher price Peoples should have paid would have been included in prior PGC proceedings if identified earlier. Accordingly, the Joint Petitioners agree that the amount to be paid by Peoples will be an appropriate gas cost to be paid by Peoples'

customers. At issue is the exact amount Peoples will have to pay and the specific date when Peoples will have to pay the amount to the producer. After discussions, Peoples agreed with OCA's proposal that the amount to be paid should not be included in the PGC until the exact amount has been determined by the trial court.

Accordingly, Peoples will not include the amount it will pay (referred to in the Settlement as the Wagner Adjustment) in the PGC until the trial court makes its rulings and after the rulings in the Indiana County Lawsuit have become final and unappealable. After that finalization occurs, Peoples will be permitted to make a period adjustment to the PGC that includes the court-directed damage payment (up to \$665,183). In addition, any additional damages or interest payments the trial court may order to be paid (over and above the sum of \$665,183 or some other damage remedy) can be proposed by Peoples for recovery in future PGC proceedings. However, the Joint Petitioners agree – and the presiding officer recommends the Commission approve – that Peoples will not make any adjustment until after a final and unappealable decision in the Indiana County Lawsuit. If the trial court's decision is appealed for any reason, Peoples cannot make a period adjustment until after all proceedings are concluded and a final judgment has been entered in the Indiana County Lawsuit.

This recommendation is based in part upon the terms of the Settlement and the salient facts presented by the parties, but also in large part upon the representations made by the statutory advocates which aver the Settlement is in the interests of the constituencies they represent. The parties conducted a review of the initial filing and supporting information, discovery responses and the filing data, and engaged in settlement discussions. The Joint Petitioners spent extensive time negotiating how the historic natural gas costs were incurred and how projected future costs will be incurred under a least cost fuel procurement policy. The settlement of those issues, including agreements on how Peoples will continue to handle those costs moving forward, will

make it more likely Peoples will continue to provide reasonable and adequate service to its customers while ensuring there is a sufficient supply of gas.

It should be noted the Settlement provides for a slight decrease (-\$0.0113 per Mcf, or -0.09%) in the gas cost for the residential customer class. A similar slight decrease (-\$0.0111 per Mcf) would be provided to the small business, midsize business and large industrial classes. As illustrated in the table provided by the Joint Petitioners in Appendix A to the Settlement, the average Residential customer of the Peoples Natural Gas using 80 Mcf will pay \$1,228, instead of the As-Filed (proposed) annual total of \$1,229. In the event the Indiana County Lawsuit becomes final and unappealable before the filing of the next PGC proceeding in 2026, there will be no change in the gas cost paid by all classes of customers, as illustrated in the Rate Changes table provided by the Joint Petitioners in Numbered Paragraph No. 42 of the Settlement.

In light of all the evidence and statements of the parties, the undersigned presiding officer recommends the Commission should approve the Settlement because the Settlement maintains a proper balance of the interests of all parties, renders further action unnecessary on the issues contained within the Settlement, benefits the public interest and completes the investigation of this filing.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa.C.S. §§ 501, 1307(f), 1317-18.

2. There is sufficient evidence in the record to make the findings required by Section 1318 of the Public Utility Code. 66 Pa.C.S. § 1318.

3. Peoples Natural Gas Company LLC is pursuing a least cost fuel procurement policy during the relevant time period consistent with the obligation to provide safe, adequate and reliable service to customers in compliance with Section 1318 of the Public Utility Code. 66 Pa.C.S. § 1318.

4. The rates of Peoples Natural Gas Company LLC for purchased gas costs, as the settling parties agreed upon in this proceeding, during the relevant time period, are just and reasonable and in compliance with Section 1318 of the Public Utility Code. 66 Pa.C.S. § 1318.

5. Peoples Natural Gas Company LLC fully and vigorously represented the interests of ratepayers in proceedings before the Federal Energy Regulatory Commission and other relevant non-Public Utility Commission proceedings during the relevant time period in compliance with Section 1318(a)(1) of the Public Utility Code. 66 Pa.C.S. § 1318(a)(1).

6. Peoples Natural Gas Company LLC took all prudent steps necessary to negotiate favorable gas supply contracts and to relieve itself from terms in existing contracts with its gas suppliers, which are or may be adverse to the interests of ratepayers, during the relevant time period in compliance with Section 1318(a)(2) of the Public Utility Code. 66 Pa.C.S. § 1318(a)(2).

7. Peoples Natural Gas Company LLC took all prudent steps necessary during the relevant time period 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 Section 1318(a)(3) of the Public Utility Code. 66 Pa.C.S. § 1318(a)(3).

8. Peoples Natural Gas Company LLC did not withhold from the market or cause to be withheld from the market during the relevant time period any gas supplies which should have been used as part of a least cost fuel procurement policy in compliance with Section 1318(a)(4) of the Public Utility Code. 66 Pa.C.S. § 1318(a)(4).

9. Peoples Natural Gas Company LLC fully and vigorously attempted to obtain less costly gas supplies on both short-term and long-term bases from nonaffiliated interests during the relevant time period in compliance with Section 1318(b)(1) of the Public Utility Code. 66 Pa.C.S. § 1318(b)(1).

10. The contracts of Peoples Natural Gas Company LLC for the purchase of gas from any affiliated interest during the relevant time period are consistent with a least cost fuel procurement policy in compliance with Section 1318(b)(2) of the Public Utility Code. 66 Pa.C.S. § 1318(b)(2).

11. Neither Peoples Natural Gas Company LLC nor any affiliated interest during the relevant time period withheld from the market any gas supplies, which should have been used as part of a least cost fuel procurement policy in compliance with Section 1318(b)(3) of the Public Utility Code. 66 Pa.C.S. § 1318(b)(3).

12. The benchmark for determining the acceptability of a settlement is whether the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. CS Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

13. The Joint Petition for Settlement of the Section 1307(f) Rate Investigation of Peoples Natural Gas Company LLC, filed pursuant to 66 Pa.C.S. § 1307(f) and which Peoples Natural Gas Company LLC, the Bureau of Investigation and Enforcement and the Office of Consumer Advocate executed and submitted at Docket

No. R-2025-3053184, is in the public interest. *Pa. Pub. Util. Comm'n v. CS Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Settlement of the Section 1307(f) Rate Investigation of Peoples Natural Gas Company LLC pursuant to 66 Pa.C.S. § 1307(f) that Peoples Natural Gas Company LLC, the Commission's Bureau of Investigation and Enforcement and the Office of Consumer Advocate have executed and filed on June 13, 2025, at Docket No. R-2025-3053184, be approved.

2. That Peoples Natural Gas Company LLC be permitted to file a tariff supplement, on at least one day's notice to the Commission, containing changes in rates to provide for the recovery of the costs of purchased gas, consistent with the terms and conditions of the aforementioned Joint Petition for Settlement of the Section 1307(f) Rate Investigation of Peoples Natural Gas Company LLC, pursuant to 66 Pa.C.S. § 1307(f).

3. That the Formal Complaints of the Office of Consumer Advocate at Docket No. C-2025-3053503 and the Office of Small Business Advocate at Docket No. C-2025-3054391 be marked satisfied.

4. That the Formal Complaint of Daniel Killmeyer, at Docket No. C-2025-3055049, be marked as dismissed.

