

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17120**

Public Meeting held August 14, 2025

Commissioners Present:

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

Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement

M-2025-3049924

v.

Kaib and Kaib, LLC

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is a proposed Joint Petition for Approval of Settlement (Joint Petition or Settlement) filed on June 6, 2025, by the Commission's Bureau of Investigation and Enforcement (I&E) and Kaib and Kaib, LLC (Kaib and Kaib or the Company)<sup>1</sup> (collectively, the Parties), in respect to an informal investigation conducted by I&E regarding alleged failure of the Company to adhere to its tariff rate for customer

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<sup>1</sup> Kaib and Kaib is a natural gas distribution company (NGDC) licensed by the Commission to operate within Jefferson County where it has pipelines, including all or portions of Hazen Borough and Warsaw Township in Pennsylvania.

service charges. The investigation was initiated in response to allegations that during the period from August 2019 through May 2024, Kaib and Kaib billed its customers a monthly customer service charge of \$7.50, instead of its tariff rate of \$5.50. Settlement at 5, 6.

I&E submitted a statement in support of the Settlement.<sup>2</sup> Therein, I&E submits that the terms of the proposed Settlement represents a fair and reasonable compromise between the Parties. I&E also submits that had this matter proceeded to litigation, Kaib and Kaib would have disputed the allegations in the Complaint and I&E would have been required to expend staff time and resources to prepare for and participate in the hearing. Additionally, I&E asserts that aside from avoiding litigation, the Settlement is in the public interest because the agreed-upon civil penalty is sufficient to ensure that Kaib and Kaib's future compliance with Section 1303 of the Public Utility Code (Code) requiring that only the tariffed rate be charged to customers. I&E Statement in Support at 8.

Finally, both Parties submit that the proposed Settlement Agreement is in the public interest and is consistent with our Policy Statement at 52 Pa. Code § 69.1201, *Factors and standards for evaluating litigated and settled proceedings involving violations of the Public Utility Code and Commission regulations—statement of policy* (Policy Statement). Before issuing a final decision on the merits of the proposed Settlement, and consistent with the requirement of 52 Pa. Code § 3.113(b)(3), we shall publish the Settlement in the *Pennsylvania Bulletin* and provide an opportunity for interested parties to file comments regarding the proposed Settlement.<sup>3</sup>

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<sup>2</sup> See Appendix A to the Settlement, Statement of Bureau of Investigation and Enforcement in support of the Joint Petition for Approval of Settlement. We further note that the Parties attached, as Appendix B to the Settlement, proposed ordering paragraphs.

<sup>3</sup> As discussed, *infra*, due to the nature of the alleged violations in this matter, it is appropriate to publish the Settlement in the *Pennsylvania Bulletin*.

## I. History of the Proceeding

On October 6, 2023, Kaib and Kaib filed Original Tariff Gas-Pa. P.U.C. No. 1 with the Commission, at Docket No. R-2023-3043594, proposing an annual increase in revenues of \$28,337 (or approximately 65%) (Original Proposed Increase), to become effective December 4, 2023. Settlement at 4.

On November 16, 2023, Kaib and Kaib filed Original Tariff Gas-Pa. P.U.C. No. 2, replacing in its entirety Original Tariff Gas-Pa. P.U.C. No. 1, and delaying the effective date to December 22, 2023. On December 15, 2023, Kaib and Kaib filed Supplement No. 1 to Tariff Gas Pa. P.U.C. No. 2 (Tariff Revision), voluntarily postponing the effective date to March 15, 2024. On January 10, 2024, Kaib and Kaib revised its requested annual revenue increase to \$29,488 (or approximately 69.7%) (Revised Proposed Increase). Settlement at 4.

On February 1, 2024, a formal complaint was filed by a customer against Kaib and Kaib's Tariff Revision. By an Order entered March 14, 2024, the Commission suspended the filing until October 15, 2024, and assigned the Tariff Revision to the Office of Administrative Law Judge (OALJ) to investigate the lawfulness, justness, and reasonableness of the proposed rate increases in the tariff filing. Settlement at 4.

On March 26, 2024, a second formal complaint was filed. On March 22, 2024, and April 23, 2024, respectively, the formal complaints were closed, for which Kaib and Kaib filed Certificate of Satisfaction. Settlement at 5.

On May 7, 2024, the Commission reassigned Kaib and Kaib's rate filing to the Commission's Bureau of Technical Utility Services for further review and investigation. On June 13, 2024, the Commission issued an order in which it granted Kaib and Kaib's Tariff Revision (*June 2024 Order*). In the *June 2024 Order*, the

Commission highlighted, that although the total annual requested revenue did not change, the amount of annual revenue increase that would be needed to meet the total requested annual revenue increased from \$28,337 under the Company's Original Proposed Increase to \$29,488 under its Revised Proposed Increase. The Commission further noted that while the Original Proposed Increase appeared to reflect a \$7.50 customer service charge, the Company's Revised Proposed Increase appeared to reflect the \$5.50 customer service charge permitted by Kaib and Kaib's tariff that was in effect at that time. Because of this discrepancy, the Commission referred the Kaib and Kaib's Tariff Revision to I&E for appropriate action. Settlement at 5.

On August 15, 2024, I&E sent Data Request -Set 1, consisting of three data requests. Therein, I&E inquired, *inter alia*, whether Kaib and Kaib had charged any customer a monthly customer service charge of \$7.50, as opposed to the monthly customer service charge of \$5.50 that was outlined in the Company's then current tariff. Settlement at 6.

On September 20, 2024, Kaib and Kaib responded to I&E's Data Request. Included in Kaib and Kaib's response was an exhibit consisting of twelve (12) months of monthly gas bills for one residential customer and one commercial customer. For both the residential customer and the commercial customer, a handwritten figure of "\$7.50" was provided in each monthly bill next to the line item "service charge," which was in typeface. Kaib and Kaib stated that it had charged its customers a monthly customer service charge of \$7.50 beginning August 2019, while its then current tariff reflected a monthly customer service charge of \$5.50 for both residential services and commercial services. Settlement at 6.

Based on Kaib and Kaib's response to I&E's data request, I&E determined that the Company failed to adhere to its tariff rate for the customer service charge by billing its customers at a rate of \$7.50 per month from August 2019 to May 2024, as

opposed to the rate of \$5.50 per month that was outlined in the Company's then current Tariff. Settlement at 6-7.

Based upon its investigation, I&E determined that the customer service charge billed by Kaib and Kaib was an amount that was in excess of the legally permitted rate. Accordingly, I&E was prepared to contend, by the filing of a formal complaint that Kaib and Kaib's conduct was in violation of Section 1303 of the Code, 66 Pa.C.S. § 1303. Settlement at 6-7.

Thereafter, the Parties entered into negotiations and agreed to resolve the matter in accordance with the Commission's policy to promote settlements at 52 Pa. Code § 5.231. Settlement at 8. The Parties filed the instant Settlement on June 6, 2025.

## **II. Alleged Violations**

As noted above, based on information obtained through its informal investigation and a review of the relevant Commission Regulations and statutes, I&E was prepared to contend by the filing of a formal complaint that Kaib and Kaib violated certain provisions of the Commission's Regulations by billing its customers at a rate of \$7.50 per month from August 2019 to May 2024, as opposed to the rate of \$5.50 per month that was outlined in the Company's then current tariff. Accordingly, had this matter been litigated, I&E would have proffered evidence that the Company's actions constitute a violation of Section 1303 of the Code, 66 Pa.C.S. § 1303. On the other hand, had this matter been litigated, Kaib and Kaib would have denied the alleged violations, raised defenses and/or mitigating factors in support of its defense, and defended against the same at hearing. Settlement at 6-7.

Additionally, the Parties assert that the Company understands the nature of the allegations that I&E would have asserted in a formal complaint. The Parties add that Kaib and Kaib's unlawful customer service charge of \$7.50 became moot in June 2024 when the Commission permitted Kaib and Kaib to increase its customer service charge to \$8.10 for residential customers and \$17.30 for commercial customers. The Parties represent that Kaib and Kaib understands that, going forward, any future changes to its rates must be approved by the Commission. Settlement at 7.

### **III. Terms of the Settlement**

The Parties state that the purpose of the Settlement is to terminate I&E's informal investigation and settle this matter completely without litigation. Both Parties jointly acknowledge that approval of the Settlement Agreement is in the public interest and is fully consistent with the Commission's Policy Statement. Moreover, the Parties agree that the Settlement Agreement is in the public interest because it effectively addresses I&E's allegations that are the subject of I&E's informal investigation, it avoids the inherent unpredictability of the outcome of a contested proceeding, and it emphasizes the importance of compliance with the Commission's regulations by imposing a civil penalty. Settlement at 8, 10.

Pursuant to the proposed Settlement, Kaib and Kaib will refund to its customers a total of \$4,066.16, by way of bill credit and pay a civil penalty of \$500, within thirty days of the Commission's final order approving the Settlement, to resolve all allegations of charges in excess of the legally permitted rate and to fully and finally settle all possible liability and claims of alleged violation of the Commission's Regulations arising from, or related to, charges in excess of the legally permitted rate.

Settlement at 8-9. The essential terms of the Settlement are set forth in Paragraph No. 40 of the Joint Petition, which is recited in full, below, as it appears in the Joint Petition:

40. I&E and Kaib and Kaib, intending to be legally bound and for consideration given, desire to fully and finally conclude this informal investigation and agree to stipulate as to the following terms solely for the purposes of this Settlement Agreement. Of its 47 customers:
- A. Kaib and Kaib shall refund those 45 customers who have had accounts with Kaib and Kaib since August 2019 or before the amount of the overcharge (\$2.00) for 42 months, plus interest. This amount is calculated at \$4,006.80.
  - B. Kaib and Kaib shall refund each of its 45 customers by providing each such customer with a monthly bill credit of \$9.90, starting with the first full month after the entry of the Commission's Final Order, and continuing for eight months, with the ninth and final month's bill credit being \$9.84.
  - C. Kaib and Kaib shall refund the customer who had an account since February 2023 (identified as Meter 50 in the Response to I&E's Data Request – Set I) the amount of the overcharge (\$2.00) for 16 months (encompassing the period of February 2023 to May 2024), plus interest. This amount is calculated at \$33.92. The Meter 50 customer shall receive a bill credit of \$9.90 with the bill for the first full month after the entry of the Commission's Final Order, and continuing for a total of three months, with the remainder of \$4.22 due as a bill credit in the fourth month's bill.
  - D. Kaib and Kaib shall refund the customer who had an account since May 2023 (identified as Meter 51 in the Response to I&E's Data Request – Set I) the amount of the overcharge (\$2.00) for 12 months (encompassing the period of May 2023 to May 2024), plus interest. This amount is calculated at \$25.44. The Meter 51 customer shall receive a bill credit of \$9.90

with the bill for the first full month after the entry of the Commission's Final Order, and continuing for a total of two months, with the remainder of \$5.63 due as a bill credit in the third month's bill.

- E. Should there be any customers to whom a refund is due and owing and who are no longer Kaib and Kaib customers at the time of the entry of the Commission's Final Order, such customers shall be provided their refund by way of a lump sum payment should current contact information for those past customers be readily available.
- F. The total amount to be refunded by Kaib and Kaib to its customers is \$4,066.16.
- G. In addition to refunds, Kaib and Kaib shall pay a civil penalty in the amount of five hundred dollars (\$500) within 30 days of a Final Commission Order approving the Settlement.
- H. Kaib and Kaib shall file compliance tariff(s), on at least one-day's notice, as may be necessary to include the terms of this settlement in the company's tariff.

Settlement at 8 -9.

In exchange for the actions taken by Kaib and Kaib, as described above, I&E agrees to forbear from initiating any formal complaint relating to failure to adhere to tariff rate that is the subject of the proposed Settlement. The Settlement Agreement is issued without prejudice to any position that any of the parties may have advanced and without prejudice to the position any of the parties 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 this Settlement Agreement. Settlement at 10-11.

The proposed Settlement is conditioned on the Commission's approval without modification of any of its terms or conditions. If the Commission modifies the

proposed Settlement, either Party may elect to withdraw from the Settlement and may proceed with litigation and, in such event the settlement agreement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all parties within twenty business days after entry of an Order modifying the Settlement. Settlement at 10-11.

#### **IV. Discussion**

Pursuant to our Regulations at 52 Pa. Code § 5.231, it is the Commission's policy to promote settlements. The Commission must, however, review proposed settlements to determine whether the terms are in the public interest. *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered January 7, 2004).

In reviewing settlements that resolve informal investigations, the Commission will provide other potentially affected parties with the opportunity to file comments regarding a proposed settlement prior to issuing a decision. The Commission's Regulations at 52 Pa. Code § 3.113(b) provide as follows:

#### **§ 3.113. Resolution of informal investigations.**

\* \* \*

(b) Under 65 Pa.C.S. Chapter 7 (relating to Sunshine Act), the Commission's official actions resolving informal investigations will be as follows:

\* \* \*

(3) When the utility, or other person subject to the Commission's jurisdiction, has committed to undertake action to address or remedy a violation or potential violation of the act or to resolve another perceived deficiency at the utility, in the form of a settlement with the Commission staff or other

resolution of the matter, the Commission's consideration of the settlement or approval of the utility's action will occur at public meeting. Except for staff reports and other documents covered by a specific legal privilege, documents relied upon by the Commission in reaching its determination shall be made part of the public record. **Before the Commission makes a final decision to adopt the settlement or to approve the utility's action, the Commission will provide other potentially affected persons with the opportunity to submit exceptions thereon or to take other action provided for under law.**

52 Pa. Code § 3.113(b) (emphasis added). *See also Pa. PUC, Bureau of Investigation and Enforcement v. PPL Electric Utilities Corporation*, Docket No. M-2012-2264635 (Order entered September 13, 2012); *Pa. PUC, Bureau of Investigation and Enforcement v. Liberty Power Holdings, LLC*, Docket No. M-2019-2568471 (Order entered August 8, 2019).

## V. Conclusion

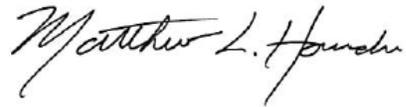
Before issuing a decision on the merits of the proposed Settlement, and consistent with the requirement of 52 Pa. Code § 3.113(b)(3), and for the reason(s) stated above, we believe it is appropriate to publish the Settlement in the *Pennsylvania Bulletin*. Therefore, we will: (1) publish this Opinion and Order and a copy of the proposed Settlement, I&E's Statement in Support, and proposed Ordering Paragraphs, attached hereto, in the *Pennsylvania Bulletin*; and, (2) provide an opportunity for interested parties to file comments regarding the proposed Settlement within twenty-five days after the date of publication in the *Pennsylvania Bulletin*; **THEREFORE,**

**IT IS ORDERED:**

1. That the Secretary's Bureau shall duly certify this Opinion and Order along with the attached Joint Petition for Approval of Settlement and the Statements in Support thereof, at Docket No. M-2025-3049924, and deposit them with the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.
  
2. That within twenty-five (25) days after the date that this Opinion and Order and the attached Joint Petition for Approval of Settlement and the Statement in Support thereof are published in the *Pennsylvania Bulletin*, interested parties may file comments concerning the proposed Settlement.
  
3. That a copy of this Opinion and Order, together with the attached Settlement Agreement, Statement in Support thereof, and proposed Ordering Paragraphs, at Docket No. M-2025-3049924, shall be served on the Office of Consumer Advocate and the Office of Small Business Advocate.

4. That, subsequent to the Commission's review of any comments filed in this proceeding, at Docket No. M-2025-3049924, a final Opinion and Order will be issued.

**BY THE COMMISSION,**

A handwritten signature in black ink, reading "Matthew L. Homsher". The signature is written in a cursive style with a large initial "M".

Matthew Homsher  
Secretary

(SEAL)

ORDER ADOPTED: August 14, 2025

ORDER ENTERED: August 14, 2025

# **ATTACHMENT**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement	:	
	:	
v.	:	Docket No. M-2025-3049924
	:	
Kaib and Kaib, LLC	:	

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**JOINT PETITION FOR APPROVAL OF SETTLEMENT**

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**TO THE HONORABLE PENNSYLVANIA PUBLIC UTILITY COMMISSION:**

Pursuant to 52 Pa. Code §§ 5.41 and 5.232, the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”) and Kaib and Kaib, LLC (“Kaib and Kaib” or “the Company”) hereby submit this Joint Petition for Approval of Settlement (“Settlement” or “Settlement Agreement”) to resolve all issues related to the above-docketed informal investigation.

As part of this Settlement Agreement, I&E and Kaib and Kaib, LLC (hereinafter referred to collectively as the “Parties”) respectfully request that the Commission enter a Final Opinion and Order approving the Settlement without modification. A Statement in Support of the Settlement expressing the views of I&E, which Kaib and Kaib joins, is attached hereto as Appendix A. Proposed Ordering Paragraphs are attached hereto as Appendix B.

## I. INTRODUCTION

1. The Parties to this Settlement Agreement are the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement, by its prosecuting attorneys, with a principal address of Commonwealth Keystone Building, 400 North Street, Harrisburg, PA 17120 and Kaib and Kaib, LLC with its principal place of business at P.O. Box 8034, Zanesville, OH 43702.

2. The Commission is a duly constituted agency of the Commonwealth of Pennsylvania empowered to regulate public utilities within this Commonwealth as well as other entities subject to its jurisdiction, pursuant to the Public Utility Code (the "Code"), 66 Pa.C.S. §§ 101, *et seq.*

3. I&E is the entity established to prosecute complaints against public utilities and other entities subject to the Commission's jurisdiction pursuant to 66 Pa.C.S. § 308.2(a)(11); *See also Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011) (delegating authority to initiate proceedings that are prosecutory in nature to I&E).

4. Section 501(a) of the Pennsylvania Public Utility Code ("Code"), 66 Pa.C.S. § 501(a), authorizes and obligates the Commission to execute and enforce the provisions of the Code.

5. Section 701 of the Code, 66 Pa.C.S. § 701, authorizes the Commission, *inter alia*, to hear and determine complaints alleging a violation of any law or regulation that the Commission has jurisdiction to administer.

6. Section 3301 of the Code, 66 Pa.C.S. § 3301, authorizes the Commission to impose civil penalties on any public utility or on any other person or corporation subject to the Commission’s authority for violations of the Code, the Commission’s regulations, or both. Section 3301 allows for the imposition of a fine for each violation and each day’s continuance of such violation(s). 66 Pa.C.S. § 3301.

7. Kaib and Kaib is a “public utility” as that term is defined at 66 Pa.C.S. § 102 as it is engaged in providing public utility service as a natural gas distribution company (“NGDC”) in the Commonwealth of Pennsylvania to the public for compensation.

8. Kaib and Kaib serves 44 jurisdictional residential customers and 3 jurisdictional commercial customers.

9. Although most of Kaib and Kaib’s customers are long-standing, two are recent, having been served by the utility since February 2023 and May 2023, respectively.

10. Kaib and Kaib, as a gas utility, is subject to the power and authority of the Commission pursuant to Section 501(c) of the Code, 66 Pa.C.S. § 501(c), which requires a public utility to comply with Commission regulations and orders.

11. Pursuant to the provisions of the applicable Commonwealth statutes and regulations, the Commission has jurisdiction over the subject matter and the actions of Kaib and Kaib in its capacity as a gas supplier.

12. Pursuant to Sections 331(a) and 506 of the Code, 66 Pa.C.S. §§ 331(a) and 506 and Section 3.113 of the Commission’s regulations, 52 Pa. Code § 3.113,

Commission staff has the authority to conduct informal investigations or informal proceedings in order to gather data and/or to substantiate allegations of potential violations of the Commission's regulations.

## **II. BACKGROUND**

13. On October 6, 2023, Kaib and Kaib filed Original Tariff Gas-Pa. P.U.C. No. 1 with the Commission, Docket No. R-2023-3043594, proposing an annual increase in rates of \$28,337 (or approximately 65%) to become effective December 4, 2023.

14. On November 16, 2023, Kaib and Kaib filed Original Tariff Gas-Pa. P.U.C. No. 2, replacing in its entirety Original Tariff Gas-Pa. P.U.C. No. 1, and delaying the effective date to December 22, 2023.

15. On December 15, 2023, Kaib and Kaib filed Supplement No, 1 to Tariff Gas Pa. P.U.C. No. 2, voluntarily postponing the effective date to March 15, 2024.

16. On January 10, 2024, Kaib and Kaib revised its requested annual increase to \$29,488 (approximately 69.7%).

17. On February 1, 2024, a formal complaint was filed by a customer against Kaib and Kaib's tariff filing.

18. By Commission Order entered March 14, 2024, and pursuant to 66 Pa.C.S. § 1308(d), Tariff Gas-Pa. P.U.C. No. 2 was suspended by operation of law until October 15, 2024, unless Commission Order provides otherwise.

19. The March 14, 2024, Order also assigned the tariff filing to the Office of Administrative Law Judge to investigate the lawfulness, justness, and reasonableness of the proposed rate increases in the tariff filing.

20. On March 26, 2024, a second Kaib and Kaib customer filed a formal complaint.

21. On March 22, 2024, and April 23, 2024, the respective formal complaints filed by the two Kaib and Kaib customers were each closed by way of a Certificate of Satisfaction.

22. On May 7, 2024, an Order was issued reassigning the filing to the Commission's Bureau of Technical Utility Services for further review and investigation.

23. On June 13, 2024, the Commission issued an order granting the tariff revision filed by Kaib and Kaib ("June Order").

24. The Commission noted in its June Order that the January 10, 2024, revision filed by Kaib and Kaib, the total annual requested revenue did not change, but the amount of revenue increase that would be needed to meet the total requested annual revenue increased from \$28,337 to \$29,488.

25. The October 6, 2023, filing by Kaib and Kaib, requesting an increase of \$28,337 in revenue, appears to reflect a \$7.50 customer service charge.

26. The January 10, 2024, filing by Kaib and Kaib, adjusting the requested revenue increase to \$29,488, appears to reflect the \$5.50 customer service charge permitted by its tariff in effect at that time.

27. In its June Order, the Commission referred the matter of Kaib and Kaib's customer service charge to the Bureau of Investigation and Enforcement for appropriate action.

28. On August 15, 2024, I&E sent Kaib and Kaib its Data Request – Set I, consisting of three data requests.

29. On September 20, 2024, Kaib and Kaib provided its response to I&E’s Data Request – Set I.

30. Included in Kaib and Kaib’s response was an exhibit consisting of twelve (12) months of monthly gas bills for one residential customer and one commercial customer, as requested by I&E in its Data Request – Set I.

31. For both the residential customer and the commercial customer, a handwritten figure of “\$7.50” was provided in each monthly bill next to the line item “service charge,” which was in typeface.

32. Additionally, in response to a Data Request from I&E inquiring whether Kaib and Kaib had charged any customer a customer service charge of \$7.50, stated “[y]es, the Company increased the monthly customer service charge in August 2019, from the then current tariff rates of \$5.50 for residential service and \$5.50 for commercial service.”

### **III. ALLEGED VIOLATIONS**

33. Based on information obtained through its investigation, as described above, and a review of the Commission’s regulations and relevant regulations and statutes, I&E was prepared to contend by the filing of a formal complaint that Kaib and Kaib violated certain provisions of the Commission’s regulations, in that:

- A. Kaib and Kaib failed to adhere to its tariff rate for the customer service charge by billing its customers \$7.50 per month from August 2019 to May 2024 when its tariff rate was \$5.50 per month. The

customer service charge billed by Kaib and Kaib was an amount that was in excess of the legally permitted rate, in violation of 66 Pa.C.S. § 1303.

34. These allegations, if proven, constitute a violation of 66 Pa.C.S. § 1303 (providing “[n]o public utility shall, directly or indirectly, by any device whatsoever, or in anywise, demand or receive from any person, corporation, or municipal corporation a greater or less rate for any service rendered or to be rendered by such public utility than that specified in the tariffs of such public utility applicable thereto.”). See also West Penn Power Co. v. Nationwide Mut. Ins. Co., 228 A.2d 218, 220 (Pa. Super 1967) (“A utility can only charge the customer the lawful rate as tariffed.”); Bell Tel. Co. of Pennsylvania v. Pa. P.U.C., 417 A.2d 827, 828-829 (Pa. Cmwlth. 1980) (“[I]t is well established that in the absence of an exception by the Commission, a public utility may not charge any rate for services other than that lawfully tariffed, and contracts fixing rates are superseded by the rate in effect at the time the service is delivered.”).

35. Had the matter been litigated, Kaib and Kaib would have denied the alleged violations, raised defenses and/or mitigating factors in support of its defense, and defended against the same at hearing.

36. Kaib and Kaib understands the nature of the allegations that I&E would have asserted in a formal complaint. Kaib and Kaib’s unlawful customer service charge of \$7.50 became moot in June 2024 when the Commission permitted Kaib and Kaib to increase its customer service charge to \$8.10 for residential customers and \$17.30 for commercial customers. Kaib and Kaib understands that, going forward, any future changes to its rates must be approved by the Commission.

#### IV. SETTLEMENT TERMS

37. Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest,<sup>1</sup> I&E and Kaib and Kaib held a series of discussions that culminated in this Settlement. The purpose of this Joint Petition for Approval of Settlement is to terminate I&E's informal investigation and to settle this matter completely without litigation. There has been no Formal Complaint filed, no evidentiary hearing before any tribunal, and no sworn testimony taken in any proceeding related to this incident.

38. Kaib and Kaib fully acknowledges the seriousness of I&E's allegations and recognizes the need to prevent the reoccurrence of the misconduct which was the subject of I&E's instant investigation.

39. The Parties recognize that their positions and claims are disputed and given that the precise outcome of a contested proceeding is uncertain, the Parties further recognize the benefits of amicably resolving the disputed issues through settlement.

40. I&E and Kaib and Kaib, intending to be legally bound and for consideration given, desire to fully and finally conclude this informal investigation and agree to stipulate as to the following terms solely for the purposes of this Settlement Agreement. Of its 47 customers:

- A. Kaib and Kaib shall refund those 45 customers who have had accounts with Kaib and Kaib since August 2019 or before the amount of the overcharge (\$2.00) for 42 months, plus interest. This amount is calculated at \$4,006.80.

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<sup>1</sup> See 52 Pa. Code § 5.231(a).

- B. Kaib and Kaib shall refund each of its 45 customers by providing each such customer with a monthly bill credit of \$9.90, starting with the first full month after the entry of the Commission's Final Order, and continuing for eight months, with the ninth and final month's bill credit being \$9.84.
- C. Kaib and Kaib shall refund the customer who had an account since February 2023 (identified as Meter 50 in the Response to I&E's Data Request – Set I) the amount of the overcharge (\$2.00) for 16 months (encompassing the period of February 2023 to May 2024), plus interest. This amount is calculated at \$33.92. The Meter 50 customer shall receive a bill credit of \$9.90 with the bill for the first full month after the entry of the Commission's Final Order, and continuing for a total of three months, with the remainder of \$4.22 due as a bill credit in the fourth month's bill.
- D. Kaib and Kaib shall refund the customer who had an account since May 2023 (identified as Meter 51 in the Response to I&E's Data Request – Set I) the amount of the overcharge (\$2.00) for 12 months (encompassing the period of May 2023 to May 2024), plus interest. This amount is calculated at \$25.44. The Meter 51 customer shall receive a bill credit of \$9.90 with the bill for the first full month after the entry of the Commission's Final Order, and continuing for a total of two months, with the remainder of \$5.63 due as a bill credit in the third month's bill.
- E. Should there be any customers to whom a refund is due and owing and who are no longer Kaib and Kaib customers at the time of the entry of the Commission's Final Order, such customers shall be provided their refund by way of a lump sum payment should current contact information for those past customers be readily available.
- F. The total amount to be refunded by Kaib and Kaib to its customers is \$4,066.16.
- G. In addition to refunds, Kaib and Kaib shall pay a civil penalty in the amount of five hundred dollars (\$500) within 30 days of a Final Commission Order approving the Settlement.
- H. Kaib and Kaib shall file compliance tariff(s), on at least one-day's notice, as may be necessary to include the terms of this settlement in the company's tariff.

41. Upon Commission approval of the Settlement in its entirety without modification, I&E will not file any complaints or initiate other action against Kaib and Kaib at the Commission with respect to the allegations which were the subject of I&E's instant investigation.

42. I&E and Kaib and Kaib jointly acknowledge that approval of this Settlement Agreement is in the public interest and fully consistent with the Commission's Policy Statement regarding Factors and Standards for Evaluating Litigated and Settled Proceedings, 52 Pa. Code § 69.1201. The Parties submit that the Settlement Agreement is in the public interest because it effectively addresses I&E's allegations that are the subject of I&E's informal investigation and avoids the time and expense of litigation, which entails hearings, various expenses, and the preparation and filing of briefs, exceptions, and reply exceptions, as well as possible appeals. Attached as Appendix A and Appendix B are Statements in Support submitted by I&E and Kaib and Kaib, respectively setting forth the bases upon which the Parties believe the Settlement Agreement is in the public interest.

## **V. CONDITIONS OF SETTLEMENT**

43. This document represents the Settlement Agreement in its entirety. No changes to obligations set forth herein may be made unless they are in writing and are expressly accepted by the parties involved. This Settlement Agreement shall be construed and interpreted under Pennsylvania law.

44. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Joint Petition for Approval of Settlement without

modification. If the Commission modifies this Settlement Agreement, any party may elect to withdraw from this Settlement Agreement and may proceed with litigation or take such other action that is deemed appropriate and, in such event, this Settlement Agreement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all parties within twenty (20) business days after entry of an Order modifying the Settlement.

45. The Parties agree that the underlying allegations were not the subject of any hearing or formal procedure and that there has been no order, findings of fact or conclusions of law rendered in this complaint proceeding. It is further understood that, by entering into this Settlement Agreement, Kaib and Kaib has made no concession or admission of fact or law and may dispute all issues of fact and law for all purposes in all proceedings that may arise as a result of the circumstances described in this Settlement Agreement.

46. The Parties acknowledge that this Settlement Agreement reflects a compromise of competing positions and does not necessarily reflect any party's position with respect to any issues raised in this proceeding.

47. This Settlement Agreement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner that is fair and reasonable. This Settlement Agreement is presented without prejudice to any position that any of the parties may have advanced and without prejudice to the position any of the parties 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 this Settlement Agreement.

This Settlement does not preclude the Parties from taking other positions in any other proceeding but is conclusive in this proceeding and may not be reasserted in any other proceeding or forum except for the limited purpose of enforcing the Settlement by a Party.

48. The terms and conditions of this Settlement Agreement constitute a carefully crafted package representing reasonably negotiated compromises on the issues addressed herein. Thus, the Settlement Agreement is consistent with the Commission's rules and practices encouraging negotiated settlements set forth in 52 Pa. Code §§ 5.231 and 69.1201.

**WHEREFORE**, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement and Kaib and Kaib respectfully request that the Commission issue an Order approving the terms of this Settlement Agreement in their entirety as being in the public interest.

[Signature Page to Follow]

Respectfully Submitted,

Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement

Kaib and Kaib

By: \_\_\_\_\_  
Grant Rosul  
Prosecutor  
PA Attorney ID No. 318204  
Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120  
[grosul@pa.gov](mailto:grosul@pa.gov)

Date: June 6, 2025

By: \_\_\_\_\_  
Tyler J. Kaib  
Partner  
Kaib and Kaib, LLC  
P.O. Box 8034  
Zanesville, OH 43702  
[tkaib@columbus.rr.com](mailto:tkaib@columbus.rr.com)  
  
Robert F. Young, Esq.  
PA Attorney ID No. 55816  
Robert F. Young, Esq. PC LLC  
52 Sunfire Avenue  
Camp Hill, PA 17011  
[rfy@rfycsy.com](mailto:rfy@rfycsy.com)  
  
*Counsel for Kaib and Kaib, LLC*

Dated: May 6, 2025

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :  
Bureau of Investigation and Enforcement :  
v. : Docket No. M-2025-3049924  
Kaib and Kaib, LLC :

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**STATEMENT OF  
THE BUREAU OF INVESTIGATION AND ENFORCEMENT  
IN SUPPORT OF THE JOINT PETITION FOR APPROVAL OF SETTLEMENT**

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**TO THE HONORABLE PENNSYLVANIA PUBLIC UTILITY COMMISSION:**

The Bureau of Investigation and Enforcement<sup>1</sup> (“I&E”) offers the following Statement in Support of the Joint Petition for Approval of Settlement between Kaib and Kaib, LLC (“Kaib and Kaib” or “the Company”) and I&E (hereinafter referred to as the “Parties”) regarding Kaib and Kaib’s alleged violation of the Pennsylvania Public Utility Code, 66 Pa.C.S. §§ 101 *et seq.* and Commission regulations.

**I. INTRODUCTION**

I&E is the entity established to prosecute complaints against public utilities and other entities subject to the Commission’s jurisdiction pursuant to 66 Pa.C.S. § 308.2(a)(11); See *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011) (delegating authority to initiate proceedings that are prosecutory in nature to I&E).

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<sup>1</sup> Kaib & Kaib has authorized I&E to state that it joins the Statement in Support.

Section 501(a) of the Code, 66 Pa.C.S. § 501(a), authorizes and obligates the Commission to execute and enforce the provisions of the Code. Section 701 of the Code, 66 Pa.C.S. § 701, authorizes the Commission, *inter alia*, to hear and determine complaints alleging a violation of any law or regulation that the Commission has jurisdiction to administer.

Kaib and Kaib is a “public utility” as that term is defined at 66 Pa.C.S. § 102 as it is engaged in providing public utility service as natural gas distribution company (“NGDC”) in the Commonwealth of Pennsylvania for compensation. Kaib and Kaib, as an NGDC, is subject to the power and authority of the Commission pursuant to Section 501(c) of the Code, 66 Pa.C.S. § 501(c), which requires a public utility to comply with Commission regulations and orders.

Pursuant to Sections 331(a) and 506 of the Code, 66 Pa.C.S. §§ 331(a) and 506, and Section 3.113 of the Commission’s regulations, 52 Pa. Code § 3.113, Commission staff has the authority to conduct informal investigations or informal proceedings in order to gather data and/or to substantiate allegations of potential violations of the Commission’s regulations.

I&E-Enforcement instituted an informal investigation of Kaib and Kaib based on information referred to I&E-Enforcement by the Commission in its June 13, 2024, Order, at Docket No. R-2023-3043594, granting a tariff revision to Kaib and Kaib. As discussed in more detail in the Joint Petition for Approval of Settlement, Kaib and Kaib’s tariff revision, filed on January 10, 2024, contained a financial discrepancy.

I&E determined that this referral warranted further investigation to examine whether the actions of Kaib and Kaib violated the Code and Commission regulations. Thereafter, on August 15, 2024, I&E sent Kaib and Kaib a Data Request, to which the utility responded on September 20, 2024. After a thorough review of the case and discussion with counsel for Kaib and Kaib, the Parties have reached mutually agreeable settlement terms and believe that it is in the public interest to settle the matter.

## II. SUMMARY OF SETTLEMENT

The Joint Petition for Approval of Settlement (“Settlement”) resolves all outstanding alleged violations of the Code and Commission regulations stemming from Kaib and Kaib’s alleged failure to adhere to its tariff rate for the customer service charge by billing its customers \$7.50 per month from August 2019 to May 2024 when its tariff rate was \$5.50 per month. The customer service charge billed by Kaib and Kaib was an amount that was in excess of the legally permitted rate, in violation of 66 Pa.C.S. § 1303.

Under the terms of the Settlement:

- A) Kaib and Kaib shall refund those 45 customers who have had accounts with Kaib and Kaib since August 2019 or before the amount of the overcharge (\$2.00) for 42 months, plus interest. This amount is calculated at \$4,006.80.
- B) Kaib and Kaib shall refund each of its 45 customers by providing each such customer with a monthly bill credit of \$9.90, starting with the first full month after the entry of the Commission’s Final Order, and continuing for eight months, with the ninth and final month’s bill credit being \$9.84.
- C) Kaib and Kaib shall refund the customer who had an account since February 2023 (identified as Meter 50 in the Response to I&E’s Data Request – Set I) the amount of the overcharge (\$2.00) for 16 months (encompassing the period of February 2023 to May 2024), plus interest. This amount is calculated at \$33.92. The Meter 50 customer shall receive a bill credit of \$9.90 with the bill for the first full month after the entry of the

Commission's Final Order, and continuing for a total of three months, with the remainder of \$4.22 due as a bill credit in the fourth month's bill.

- D) Kaib and Kaib shall refund the customer who had an account since May 2023 (identified as Meter 51 in the Response to I&E's Data Request – Set I) the amount of the overcharge (\$2.00) for 12 months (encompassing the period of May 2023 to May 2024), plus interest. This amount is calculated at \$25.44. The Meter 51 customer shall receive a bill credit of \$9.90 with the bill for the first full month after the entry of the Commission's Final Order, and continuing for a total of two months, with the remainder of \$5.63 due as a bill credit in the third month's bill.
- E) Should there be any customers to whom a refund is due and owing and who are no longer Kaib and Kaib customers at the time of the entry of the Commission's Final Order, such customers shall be provided their refund by way of a lump sum payment should current contact information for those past customers be readily available.
- F) The total amount to be refunded by Kaib and Kaib to its customers is \$4,066.16.
- G) In addition to refunds, Kaib and Kaib shall pay a civil penalty in the amount of five hundred dollars (\$500) within 30 days of a Final Commission Order approving the Settlement.
- H) Kaib and Kaib shall file compliance tariff(s), on at least one-day's notice, as may be necessary to include the terms of this settlement in the company's tariff.

**III. THE SETTLEMENT IS IN THE PUBLIC INTEREST AND SATISFIES THE *ROSI* FACTORS TO DETERMINE THE APPROPRIATE CIVIL PENALTY**

Section 3301(a) of the Code provides that a public utility, or any other person or entity subject to the Code, that violates any part of the Code is subject to a civil penalty of not more than one thousand dollars (\$1,000) per violation. 66 Pa.C.S. § 3301(a). The Code further provides that each and every day's continuance in the violation of the Code

or any regulation, order, judgment, or decree shall be a separate and distinct offense. 66 Pa.C.S § 3301(b).

The Commission's Policy Statement regarding Factors and Standards for Evaluating Litigated and Settled Proceedings, 52 Pa. Code § 69.1201, lists the following factors which the Commission shall consider in determining the appropriate civil penalty as well as whether the Settlement is in the public interest:

- 1) Whether the conduct at issue was of a serious nature. When conduct of a serious nature is involved, such as willful fraud or misrepresentation, the conduct may warrant a higher penalty. When the conduct is less egregious, such as administrative filing or technical errors, it may warrant a lower penalty.
- 2) Whether the resulting consequences of the conduct at issue were of a serious nature. When consequences of a serious nature are involved, such as personal injury or property damage, the consequences may warrant a higher penalty.
- 3) Whether the conduct at issue was deemed intentional or negligent. This factor may only be considered in evaluating litigated cases. When conduct has been deemed intentional, the conduct may result in a higher penalty.
- 4) Whether the regulated entity made efforts to modify internal practices and procedures to address the conduct at issue and prevent similar conduct in the future. These modifications may include activities such as training and improving company techniques and supervision. The amount of time it took the utility to correct the conduct once it was discovered and the involvement of top-level management in correcting the conduct may be considered.
- 5) The number of customers affected and the duration of the violation.
- 6) The compliance history of the regulated entity which committed the violation. An isolated incident from an otherwise compliant utility may result in a lower penalty, whereas frequent, recurrent violations by a utility may result in a higher penalty.

- 7) Whether the regulated entity cooperated with the Commission's investigation. Facts establishing bad faith, active concealment of violations, or attempts to interfere with Commission investigations may result in a higher penalty.
- 8) The amount of the civil penalty or fine necessary to deter future violations. The size of the utility may be considered to determine an appropriate penalty amount.
- 9) Past Commission decisions in similar situations.
- 10) Other relevant factors.

52 Pa. Code § 69.1201(c).

Regarding the first factor, the conduct at issue was intentional. As explained in the Joint Petition at paragraph 31, the utility handwrote "\$7.50" as the service charge on each bill that was provided to I&E to review. This conduct is serious because it misrepresented the tariffed service charge to its customers, increasing it by \$2.00 per bill. According to information supplied by Kaib and Kaib to I&E, an increase to its service charge without first seeking approval of the Commission was done to avoid financial loss.

The consequences of the conduct — the second *Rosi* factor — were also serious. Because of the overcharging of the service charge, most of Kaib and Kaib's customers (with the exception of a few customers, as explained in the Joint Petition), overpaid Kaib and Kaib by \$24.00 per year.

The third factor, whether the conduct at issue was intentional or negligent, is not relevant here, as this factor "may only be considered in evaluating litigated cases." Here, the Parties have reached a settlement.

Regarding the fourth factor, Kaib and Kaib has committed to modifying its internal practices and procedures to avoid the conduct at issue and prevent future incidents — namely, seeking Commission approval before altering what the utility charges to customers. In fact, prior to the investigation by I&E, Kaib and Kaib had successfully petitioned the Commission to change its tariff.

Additionally, Kaib and Kaib will refund its customers 42 months' worth of service charge overpayments to customers who have had accounts since August 2019 (45 customers), and two other customers 12 months' and 16 months' worth of service charge overpayments, respectively, as those two customers have had accounts with Kaib and Kaib for a shorter period of time.

The fifth factor is the number of customers affected and the duration of the violation. The number of customers affected is small in number but large in proportion to Kaib and Kaib's total customer base. Kaib and Kaib has 47 paying customers, all of whom were overcharged.

As to compliance history, the sixth *Rosi* factor, Kaib and Kaib has not been the subject of any enforcement action and has a good compliance history.

Kaib and Kaib cooperated with I&E during the course of this investigation and was forthcoming about its overcharging.

In the view of I&E, a civil penalty of \$500.00 and 42 months' of refunding the overcharged service fee for 45 customers and a complete return of the overcharged service fee to the two more recent customers is a fair outcome and is in the public interest. A refund to its customers and a small civil penalty that allows Kaib and Kaib to

maintain gas service is preferable to a large civil penalty that may be onerous and jeopardize the operation of the utility. Kaib and Kaib is a small gas utility in a rural area and a larger civil penalty would not serve the public interest.

**IV. CONCLUSION**

The Settlement is a fair and reasonable compromise between the Parties. Had this matter proceeded to litigation, Kaib and Kaib would have disputed the allegations in the Complaint and I&E would have been required to expend staff time and resources to prepare for and participate in the hearing. Aside from avoiding litigation, the Settlement is in the public interest because the agreed-upon civil penalty is sufficient to ensure that Kaib and Kaib's future compliance with the Section 1303 of the Code requiring that only the tariffed rate be charged to customers.

For the reasons set forth above, the Commission should approve the Joint Petition for Approval of Settlement, without modification.

Respectfully submitted,

Grant Rosul  
Prosecutor  
PA Attorney ID No. 318204

Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120  
(717) 783-5243  
[grosul@pa.gov](mailto:grosul@pa.gov)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :  
Bureau of Investigation and Enforcement :  
 :  
v. : Docket No. M-2025-3049924  
 :  
Kaib and Kaib, LLC :

**PROPOSED ORDERING PARAGRAPHS**

1. That the Joint Petition for Approval of Settlement filed on June 6, 2025, between the Commission’s Bureau of Investigation and Enforcement and Kaib and Kaib, LLC (“Kaib and Kaib”) is approved in its entirety without modification.

2. Kaib and Kaib shall refund those 45 customers who have had accounts with Kaib and Kaib since August 2019 or before the amount of the overcharge (\$2.00) for 42 months, plus interest. This amount is calculated at \$4,006.80.

3. Kaib and Kaib shall refund each of its 45 customers by providing each such customer with a monthly bill credit of \$9.90, starting with the first full month after the entry of the Commission’s Final Order, and continuing for eight months, with the ninth and final month’s bill credit being \$9.84.

4. Kaib and Kaib shall refund the customer who had an account since February 2023 (identified as Meter 50 in the Response to I&E’s Data Request – Set I) the amount of the overcharge (\$2.00) for 16 months (encompassing the period of February 2023 to May 2024), plus interest. This amount is calculated at \$33.92. The Meter 50 customer shall receive a bill credit of \$9.90 with the bill for the first full month after the

entry of the Commission’s Final Order, and continuing for a total of three months, with the remainder of \$4.22 due as a bill credit in the fourth month’s bill.

5. Kaib and Kaib shall refund the customer who had an account since May 2023 (identified as Meter 51 in the Response to I&E’s Data Request – Set I) the amount of the overcharge (\$2.00) for 12 months (encompassing the period of May 2023 to May 2024), plus interest. This amount is calculated at \$25.44. The Meter 51 customer shall receive a bill credit of \$9.90 with the bill for the first full month after the entry of the Commission’s Final Order, and continuing for a total of two months, with the remainder of \$5.63 due as a bill credit in the third month’s bill.

6. Should there be any customers to whom a refund is due and owing and who are no longer Kaib and Kaib customers at the time of the entry of the Commission’s Final Order, such customers shall be provided their refund by way of a lump sum payment should current contact information for those past customers be readily available.

7. The total amount to be refunded by Kaib and Kaib to its customers shall be \$4,066.16.

8. In addition to refunds, Kaib and Kaib shall pay a civil penalty in the amount of five hundred dollars (\$500) within 30 days of a Final Commission Order approving the Settlement. The civil penalty shall be payable to the “Commonwealth of Pennsylvania” and directed to:

Matthew L. Homsher, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

9. Kaib and Kaib shall file compliance tariff(s), on at least one-day's notice, as may be necessary to include the terms of this settlement in the company's tariff.

10. That the civil penalty shall not be tax deductible under Section 162(f) of the Internal Revenue Code, 26 U.S.C.S. § 162(f).

11. A copy of this Opinion and Order shall be served upon the Financial and Assessment Chief, Office of Administrative Services.

12. That the above-captioned matter shall be marked closed upon completion of Kaib and Kaib's provision of refunds to its customers in accordance with the plan for providing refunds in the Settlement and this Order.