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File #: 174118

August 14, 2025

VIA ELECTRONIC FILING

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

Re: Application of Peoples Natural Gas Company, LLC for All of the Authority and the Necessary Certificates of Public Convenience to Merge PNG Gathering LLC into Peoples Natural Gas Company LLC
Docket Nos. A-2025-_____
G-2025-_____

Dear Secretary, Homsher:

Enclosed is the Application of Peoples Natural Gas Company, LLC (“Peoples” or the “Company”) seeking the Pennsylvania Public Utility Commission’s (“Commission”) approval for all of the Authority and the Necessary Certificates of Public Convenience to Merge PNG Gathering LLC into Peoples Natural Gas Company LLC.

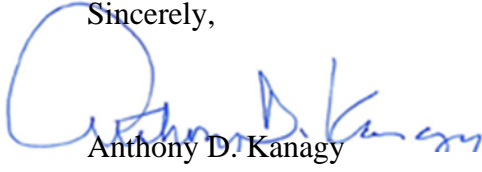
The associated \$350.00 filing fee has been paid by Post & Schell, P.C. as of the time of the filing.

Peoples notes that Appendix B of the Application is **HIGHLY CONFIDENTIAL** and will be uploaded separately to the Commission’s ShareFile folder for confidential filings. Peoples requests that Appendix B be given confidential treatment by the Commission, including its various offices and bureaus and that the highly confidential materials be excluded from the Commission’s public document folder and that the highly confidential copies not be disclosed to the public.

Copies are being served upon the parties indicated on the Certificate of Service. The Company is serving a copy of this Application upon the statutory advocates as well as all parties in the proceeding where Aqua America, Inc. (now Essential Utilities, Inc.) acquired Peoples at Docket Nos. A-2018-3006061 et al.

Matthew Homsher, Secretary
August 14, 2025
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Sincerely,



Anthony D. Kanagy

ADK/sa
Enclosures

cc: Certificate of Service

CERTIFICATE OF SERVICE

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

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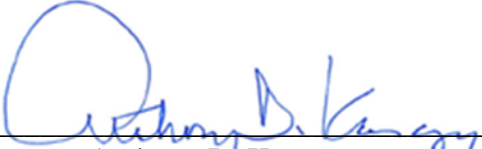
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Date: August 14, 2025



Anthony D. Kanagy

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

APPLICATION OF PEOPLES NATURAL :
GAS COMPANY LLC FOR ALL OF THE :
AUTHORITY AND THE NECESSARY : Docket Nos. A-2025-_____
CERTIFICATES OF PUBLIC : G-2025-_____
CONVENIENCE TO MERGE PNG :
GATHERING LLC INTO PEOPLES :
NATURAL GAS COMPANY LLC :

APPLICATION OF PEOPLES NATURAL GAS COMPANY LLC

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. INTRODUCTION

1. By this Application, Peoples Natural Gas Company LLC (“Peoples” or the “Company”) hereby requests all necessary approvals from the Pennsylvania Public Utility Commission (“Commission”) pursuant to Sections 1102(a)(3), 2102 and 2210(a)(1) of the Pennsylvania Public Utility Code (“Code”), 66 Pa. C.S. §§ 1102(a)(3), 2102 and 2210(a)(1), authorizing the merger of PNG Gathering LLC (“PNG Gathering”) into Peoples, with Peoples being the surviving entity, upon the final rehabilitation of the Goodwin/Tombaugh gathering system. Peoples further seeks all other approvals or certificates of public convenience that are appropriate, customary, or necessary under the Code to carry out the transaction contemplated in this Application in a lawful manner.

2. The complete name and address of the Applicant is as follows:

Peoples Natural Gas Company LLC
375 North Shore Drive, Suite 600
Pittsburgh, PA 15212

3. The attorneys for Peoples and PNG Gathering are:

Anthony D. Kanagy (ID # 25670)
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PNG Companies LLC
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Phone: 412-208-6527
E-mail: Meagan.moore@peoples-gas.com

The above-listed counsel are authorized to receive all notices and communications regarding this Application.

4. As explained in more detail below, PNG Gathering is a non-utility entity that was formed when Peoples acquired Equitable Gas Company in the acquisition proceeding at Docket Nos. A-2013-2353647 et al.¹ PNG Gathering is the owner of the Goodwin/Tombaugh gathering system. When Aqua America, Inc., now Essential Utilities, Inc. (“Essential”) acquired Peoples in 2020, Essential agreed to remediate the Goodwin/Tombaugh gathering system over a 7-year period.² Under the *Essential Acquisition Settlement*, the parties agreed that as the

¹ *Joint Application of Peoples Natural Gas Company LLC, Peoples TWP LLC, and Equitable Gas Company, LLC for All of the Authority and the Necessary Certificates of Public Convenience (1) to Transfer All of the Issued and Outstanding Limited Liability Company Membership Interest of Equitable Gas Company, LLC to PNG Companies LLC, (2) to Merge Equitable Gas Company, LLC with Peoples Natural Gas Company LLC, (3) to Transfer Certain Storage and Transmission Assets of Peoples Natural Gas Company LLC to Affiliates of EQT Corporation, (4) to Transfer Certain Assets between Equitable Gas Company, LLC and Affiliates of EQT Corporation, (5) for Approval of Certain Ownership Changes Associated with the Transaction, (6) for Approval of Certain Associated Gas Capacity and Supply Agreements, and (7) for Approval of Certain Changes in the Tariff of Peoples Natural Gas Company LLC, Docket Nos. A-2013-2353647, A-2013-2353649, A-2013-2353651 (Order entered Nov. 14, 2013) (“Equitable Acquisition Proceeding”).*

² *See Joint Application of Aqua America, Inc., Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC and Peoples Gas Company LLC for All of the Authority and the Necessary Certificates of Public Convenience to Approve a Change in Control of Peoples Natural Gas Company LLC and Peoples Gas Company LLC by Way of the Purchase of All of LDC Funding, LLC’s Membership Interests by Aqua America, Inc. Docket Nos. A-2018-3006061, A-2018-3006062 and A-2018-3006063, Settlement ¶ 29 (“Essential Acquisition Settlement”). The Essential Acquisition Settlement was approved by Commission Order entered on January 24, 2020.*

Goodwin/Tombaugh plant was replaced, the plant would be transferred to Peoples and regulated by the Commission as distribution pipeline. After the rehabilitation is completed, there will be approximately \$1.9M of net plant remaining on PNG Gathering's books.³ The merger of PNG Gathering into Peoples will allow for these last remaining plant assets to be transferred to Peoples.

5. The proposed transaction will be effectuated pursuant to a Merger Agreement (the "Merger Agreement") which is provided as "**Appendix A**" hereto. In this Application. Peoples is also seeking Commission approval of the Merger Agreement as an affiliate agreement under Section 2102 of the Code, 66 Pa. C.S. § 2102. The transaction is hereinafter referred to as the "Proposed Transaction."

6. The Application is organized as follows:

- Section II provides a description of the Applicant and the other entities involved in the Proposed Transaction.
- Section III provides an overview of the Proposed Transaction.
- Section IV sets forth the legal standards required for Commission approval of the Proposed Transaction.
- Section V addresses the effect of the Proposed Transaction on customer rates.
- Section VI addresses the effect of the Proposed Transaction on retail gas competition and employees.
- Section VII demonstrates that Peoples has the requisite technical, legal and financial fitness to assume control of the remaining Goodwin/Tombaugh assets through the Proposed Transaction.
- Section VIII demonstrates that the Proposed Transaction will promote the public interest.
- Section IX addresses affiliate agreement approvals.
- Section X sets forth the other regulatory approvals required.

³ As explained below, these assets relate to property that was replaced between 2013 when PNG Gathering was formed and 2020 when Essential acquired Peoples.

- Section XI sets forth additional supporting data filed alongside this Application.
- Section XII sets forth the conclusion and requested approvals.
- Section XIII sets forth notice provisions.
- Section XIV is the conclusion.

7. As explained in more detail below, all criteria necessary for approval of the Proposed Transaction under the Code have been met, and the Proposed Transaction will benefit the Peoples' customers and employees. Therefore, Peoples requests that the Application be approved without condition to or modification of the Proposed Transaction.

II. THE APPLICANT AND RELATED ENTITIES

1. Peoples Natural Gas Company LLC

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

9. Peoples is a "public utility" and a "natural gas distribution company" as those terms are defined in Sections 102 and 2202 of the Code, 66 Pa. C.S. §§ 102, 2202. Peoples provides natural gas services to approximately 700,000 customers in all or portions of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Clarion, Clearfield, Fayette, Greene, Indiana, Jefferson, Lawrence, Mercer, Somerset, Venango, Washington and Westmoreland.

10. Peoples is an indirect subsidiary of Essential, which was registered in Pennsylvania in 1968, originally as Philadelphia Suburban Corporation, and subsequently as Aqua America, Inc. Essential is a natural gas, water and wastewater utility holding company that currently provides

service throughout its operating subsidiaries in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana, Virginia, and Kentucky.⁴

11. Attached as “**Appendix C**” hereto is a chart showing the present ownership structure of the Essential-related entities referenced in this Application.

12. All of the annual reports, tariffs, certificates, applications, and other documents filed with the Commission by Peoples are made a part hereof by reference. Peoples has paid all special and general assessments made against it pursuant to Section 510 of the Code, 66 Pa. C.S. § 510. Peoples will remain responsible for the payment of any and all lawful special and general assessments related to Peoples facilities that the Commission may make against it, pursuant to Section 510 of the Code, 66 Pa. C.S. § 510.

2. PNG Gathering LLC

13. PNG Gathering is a non-utility entity and an affiliate of Peoples. As noted above, PNG Gathering was formed in 2013 when Peoples acquired Equitable in the *Equitable Acquisition Proceeding*. The Goodwin/Tombaugh assets (see **Highly Confidential Appendix B** for a map) were formerly owned by Equitable, and when Peoples acquired Equitable, it was agreed in the settlement of that proceeding that the Goodwin/Tombaugh assets would be transferred to PNG Gathering. The PNG Gathering assets are within Peoples certificated service territory.

14. PNG Gathering’s affiliated relationship to Peoples is shown on “**Appendix C**”.

⁴ Essential is the direct owner of LDC Funding LLC, which owns PNG Companies LLC, which is the parent company of Peoples and PNG Gathering.

III. DESCRIPTION OF THE PROPOSED TRANSACTION

A. MERGER OF PNG GATHERING INTO PEOPLES

15. Under the terms of the Merger Agreement (**Appendix A**), upon rehabilitation of the Goodwin/Tombaugh system, PNG Gathering will be merged into Peoples, with Peoples being the surviving entity.

16. As approved by the *Essential Acquisition Settlement*, when Peoples replaces Goodwin/Tombaugh facilities, this plant is transferred to Peoples and included in rate base. From the time that Peoples acquired the Goodwin/Tombaugh facilities in 2013 until the Essential acquisition of Peoples in 2020, Peoples spent approximately \$2.1 million on plant replacements (current net book value of \$1.9M) in the Goodwin/Tombaugh system. This plant, which was replaced between 2013 - 2020, is still on PNG Gathering's books and has not been transferred to Peoples. The purpose of the merger is to transfer this remaining Goodwin/Tombaugh plant, which is used and useful, to Peoples upon final rehabilitation of the system and to dissolve PNG Gathering as a separate corporate entity.

B. OWNERSHIP CHANGES ASSOCIATED WITH THE PROPOSED TRANSACTION

17. As explained above, after the close of the Proposed Transaction, PNG Gathering will be merged with and into Peoples, and PNG Gathering will be dissolved.

18. The post-closing structure of the Essential-related entities is reflected on the chart provided as "**Appendix D**".

19. Peoples is seeking Commission approval of the ownership changes described above, pursuant to Section 1102(a)(3) of the Code. 66 Pa. C.S. § 1102(a)(3).

C. FINANCIAL ASPECTS OF THE PROPOSED TRANSACTION

20. PNG Gathering will be merged into Peoples at no cost to Peoples. Therefore, no financing will be necessary for the Proposed Transaction.

21. At the time of the merger, PNG Gathering's assets will consist of net property, plant and equipment and some deferred tax assets. In addition, PNG Gathering does not currently have and will not have any debt at the time of the merger.

IV. LEGAL STANDARDS FOR COMMISSION APPROVAL

A. STANDARD FOR SECTIONS 1102(a)(3) & 1103 APPROVALS

22. Section 1102(a)(3) of the Code, 66 Pa. C.S. § 1102(a)(3), provides, in pertinent part, that the Commission's prior approval, evidenced by a certificate of public convenience, is required:

For any public utility or an affiliated interest of a public utility . . . to acquire from, or to transfer to, any person or corporation . . . by any method or device whatsoever, including the sale or transfer of stock and including a consolidation, merger, sale or lease, the title to, or the possession or use of, any tangible or intangible property used or useful in the public service.

23. Section 1103 of the Code sets forth the procedure to obtain certificates of public convenience. Under Sections 1102 and 1103, the Applicants must demonstrate that the party to whom the assets and service obligations are being transferred is technically, legally and financially fit. *Seaboard Tank Lines*, 502 A.2d 762, 764 (Pa. Cmwlth. 1985); *Warminster Township Mun. Auth. v. Pa. Pub. Util. Comm'n*, 138 A.2d 240, 243 (Pa. Super. 1958).

24. However, unlike a new utility seeking Commission certification for the first time, Peoples is presumed to be technically, legally and financially fit to assume control of the remaining PNG Gathering assets by virtue of its long-standing existence and ownership of jurisdictional assets, having operated in Pennsylvania for well over 100 years *e.g.*, Aqua PA. *South Hills Movers*,

Inc. v. Pa. Pub. Util. Comm'n, 601 A.2d 1308 (Pa. Cmwlth. 1992); *Re Blue Bird Coach Lines, Inc.*, 72 PA PUC 262, 285-286 (1990); *Re V.I.P. Travel Services, Inc.*, 56 PA PUC 625, 631 (1982).

Peoples' technical, legal and financial fitness are described in Section VII of the Application.

25. The Commission may issue a certificate of public convenience upon a finding that “the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public.” 66 Pa. C.S. § 1103(a). In the case where two non-affiliated entities are merging, this standard requires the Commission to find that a merger will “affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way.” *City of York v. Pa. Pub. Util. Comm'n*, 449 Pa. 136, 151, 295 A.2d 825, 828 (1972). The “substantial public interest” standard is satisfied by a simple preponderance of the evidence of benefits, and such burden can be met by showing a likelihood or probability of public benefits that need not be quantified or guaranteed. *Popowsky v. Pa. Pub. Util. Comm'n*, 594 Pa. 583, 611, 937 A.2d 1040, 1057 (2007). Further, the substantial public benefit test does not require that every customer receive a benefit from the Proposed Transaction. *Popowsky*, at 617-18, 937 A.2d at 1061.

26. In the case of an internal restructuring, the Commonwealth Court, in an unreported opinion, held that the substantial public benefits test was unworkable for internal reorganizations. *PPL Elec. Utils. Corp. v. PUC*, 241 A.3d 121 (Pa. Cmwlth. 2020) Unreported opinion dated October 27, 2020. (“*PPL Restructuring*”). In the *PPL Restructuring* case, the Commonwealth Court held that the Commission need only find that the granting of a certificate of public convenience in that case was proper for the service of the public. 2020 Pa. Commw. Unpub. LEXIS 521 *33.

27. Peoples believes that the appropriate legal standard for this Application is the standard set forth in *PPL Restructuring* because the Proposed Transaction is more in the form of an internal restructuring than the merger of two separate, non-affiliated utilities. However, the Company also asserts that the Proposed Transaction provides substantial affirmative benefits. The benefits of the Proposed Transaction are described in Section VIII of this Application.

B. STANDARD FOR SECTION 2210(a) APPROVAL

28. Section 2210(a) of the Code provides as follows:

(a) General rule. --In the exercise of authority the commission otherwise may have to approve mergers or consolidations involving natural gas distribution companies or natural gas suppliers or the acquisition or disposition of assets or securities of natural gas distribution companies or natural gas suppliers, the commission shall consider:

(1) Whether the proposed merger, consolidation, acquisition or disposition is likely to result in anticompetitive or discriminatory conduct, including the unlawful exercise of market power, which will prevent retail gas customers from obtaining the benefits of a properly functioning and effectively competitive retail natural gas market.

(2) The effect of the proposed merger, consolidation, acquisition or disposition on the employees of the natural gas distribution company and on any authorized collective bargaining agent representing those employees.

66 Pa. C.S. § 2210(a).

29. The Proposed Transaction is subject to the provisions of Section 2210 because it involves a merger by Peoples, a natural gas distribution company.

30. Under Section 2210(a)(1) of the Code, the Commission is required to consider whether a proposed acquisition of or by a natural gas distribution company is likely to result in anticompetitive or discriminatory conduct. 66 Pa. C.S. § 2210(a). Additionally, the Commission

is required to consider the impact that a proposed acquisition of or by a natural gas distribution company may have on the employees of the natural gas distribution company. 66 Pa. C.S. § 2210(a)(2).

31. The requirements of Section 2210(a) are addressed in Section VI of this Application.

C. STANDARD FOR SECTION 2102 APPROVAL

32. Section 2102 of the Code, 66 Pa. C.S. § 2102, requires approval of contracts with affiliated interests.

33. Peoples and PNG Gathering are affiliated interests, and therefore, the Merger Agreement requires Commission approval under Section 2102.

34. The legal standard for approval of an affiliate agreement is whether the agreement is reasonable and consistent with the public interest. 66 Pa. C.S. § 2102(b).

35. The requirements of Section 2102 are addressed in Section IX of this Application.

D. BURDEN OF PROOF

36. Section 332(a) of the Code provides that the party seeking a rule or order from the Commission has the burden of proof in that proceeding. 66 Pa. C.S. § 332(a). It is axiomatic that “[a] litigant’s burden of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of evidence which is substantial and legally credible.” *Samuel J. Lansberry, Inc. v. Pa. Pub. Util. Comm’n*, 578 A.2d 600, 602 (Pa. Cmwlth. 1990). The preponderance of evidence standard requires proof by a greater weight of the evidence. *Cmwlth. v. Williams*, 732 A.2d 1167 (Pa. 1999). Consequently, as the parties seeking relief, the Applicants bear the burden of proving that the Proposed Transaction satisfies the requirements of Sections 1102, 1103, 2102 and 2210.

37. Additionally, any finding of fact necessary to support an adjudication of the Commission must be based upon substantial evidence. *Met-Ed Indus. Users Group v. Pa. Pub. Util. Comm'n*, 960 A.2d 189, 193 n.2 (Pa. Cmwlth. 2008) (citing 2 Pa. C.S. § 704). Substantial evidence is such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Borough of E. McKeesport v. Special/Temporary Civil Serv. Comm'n*, 942 A.2d 274, 281 (Pa. Cmwlth. 2008). The “presence of conflicting evidence in the record does not mean that substantial evidence is lacking.” *Allied Mechanical and Elec., Inc. v. Pa. Prevailing Wage Appeals Bd.*, 923 A.2d 1220, 1228 (Pa. Cmwlth. 2007) (citation omitted).

V. EFFECT OF THE PROPOSED TRANSACTION ON RATES

38. Peoples is not proposing any rate changes in this Application. Upon closing, the plant that is being transferred to Peoples will be included in the Company’s rate base. Parties will be able to address whether the plant should be included in rate base in the Company’s next base rate proceeding.

VI. EFFECT OF THE PROPOSED TRANSACTION ON CUSTOMERS

39. The proposed merger will have no impact on customers. Today, Peoples maintains and operates the Goodwin Tombaugh pipeline assets and the customers served from those pipelines. Peoples will continue to maintain and operate the Goodwin Tombaugh assets up until, through and after PNG Gathering is merged with and into Peoples.

VII. EFFECT OF THE PROPOSED TRANSACTION ON COMPETITION AND EMPLOYEES

40. As noted above, under Section 2210(a)(1) of the Code, the Commission is required to consider whether a proposed merger by a natural gas distribution company is likely to result in anticompetitive or discriminatory conduct. 66 Pa. C.S. § 2210(a).

41. The Proposed Transaction would not result in anti-competitive or discriminatory conduct in the retail market for natural gas in Pennsylvania, nor would it have any adverse effect on the retail natural gas market in Pennsylvania. The Proposed Transaction would not result in any changes to the gas operations or customer choice programs of Peoples. All rates, terms and conditions that have an impact on retail competition in Peoples' service territory will remain unaffected by the Proposed Transaction.

42. In addition, under Section 2210(a)(2) of the Code, the Commission is also required to consider the impact that a proposed merger by a natural gas distribution company may have on the employees of the natural gas distribution company. 66 Pa. C.S. § 2210(a)(2).

43. Given the extremely limited nature of this merger transaction, there will be no adverse impact on Peoples' employees.

VIII. TECHNICAL, LEGAL AND FINANCIAL FITNESS

A. PEOPLES IS TECHNICALLY FIT TO OWN AND CONTROL THE PNG GATHERING FACILITIES

44. Peoples already operates the PNG Gathering assets and is in the process of rehabilitating these assets. Merging the companies will create a change in the structure of ownership, but not the entity that controls and operates the assets.

45. The management of Peoples will not change as a result of this merger.⁵

46. For these reasons, Peoples has the managerial and utility experience necessary to operate the merged company.

B. PEOPLES IS LEGALLY FIT

47. Peoples is legally fit to own and operate the merged companies as Peoples already operates them separately. Peoples is in compliance with all federal and state laws, and has never been prosecuted, indicted, or investigated for criminal activity in this country or any other country.

48. Peoples has engaged numerous outside law firms to handle various specialized matters, including on-going compliance with this Commission's regulations, rules, and orders. Additionally, Peoples has access to an internal team of legal counsel responsible for ensuring compliance with all applicable laws.

49. For these reasons, Peoples is legally fit to own and operate the merged companies.

C. PEOPLES IS FINANCIALLY FIT

50. As stated above, both Peoples and PNG Gathering are subsidiaries of Essential. Peoples will continue to be a subsidiary of Essential after the Proposed Transaction.

51. Essential has significant experience and success in accessing capital and financial markets, and this access has been one of the key attributes of its successful infrastructure management and growth. Under the Proposed Merger, Peoples will continue to be able to access capital for important distribution infrastructure investment programs.

52. For these reasons, Peoples has the required financial fitness.

⁵ The Commission has recognized a presumption that operating utilities that hold certificates are fit to own utility property. *Application of Pennsylvania American Water Co., 1995 Pa. PUC LEXIS 146, Docket Nos. A-212285F019 et al., Order entered October 26, 1995. Similarly, as the existing operator of the PNG Gathering assets, Peoples is fit to own PNG Gathering.*

IX. THE PROPOSED TRANSACTION WILL BENEFIT CUSTOMERS

53. The Proposed Transaction is the final step in the rehabilitation of the Goodwin/Tombaugh gathering system and the full transfer of the rehabilitated system to Peoples.

54. As noted above, in the Essential acquisition, Essential and Peoples agreed that Peoples would rehabilitate the Goodwin Tombaugh gathering system over a 7-year period beginning in 2020. As Peoples has replaced Goodwin Tombaugh plant after the Essential acquisition, the new plant has been transferred to Peoples.

55. At the end of the rehabilitation program, there will be approximately \$2.1M of plant (current net book value of \$1.9M) that was replaced during the period from 2013 to 2020 (the period of time between when PNG Gathering was formed and when it was acquired by Essential).

56. Merging PNG Gathering into Peoples will transfer this remaining Goodwin Tombaugh plant into Peoples. This is consistent with the terms of the *Essential Acquisition Settlement* which provided for the transfer of Goodwin Tombaugh plant to Peoples after rehabilitation. See *Essential Acquisition Settlement* ¶ 31.

57. The rehabilitation of the Goodwin/Tombaugh gathering system has been a tremendous success to date. As of the end of calendar year 2024, the Company is on schedule to rehabilitate the entire system by the end of 2026. Also as of the end of 2024, the Company had replaced 125 miles of pipe and abandoned 90 miles of pipe with no customer or supply impacts. This represents 70% of the pipe that needs to be rehabilitated, and this was achieved at 44% of the total budgeted cost of rehabilitation for the entire system. This rehabilitation has provided and will continue to provide substantial, affirmative benefits for customers.

58. Upon final rehabilitation, it is in the public interest to transfer the remaining Goodwin/Tombaugh property to Peoples. This will ensure that this remaining plant is subject to Commission jurisdiction and classified as distribution pipeline for safety purposes under 49 C.F.R.

§ 192. *See Essential Acquisition Settlement*, ¶ 31. This is also consistent with how rehabilitated Goodwin/Tombaugh plant has been treated since Essential acquired Peoples and PNG Gathering in 2020. As noted above, PNG Gathering is a non-regulated gathering entity, and therefore, it is in the public interest and provides a substantial public benefit for this remaining plant to be transferred to Peoples, a regulated utility.

X. AFFILIATE APPROVAL OF THE MERGER AGREEMENT

59. As noted above, Peoples and PNG Gathering are affiliated interests under Chapter 21 of the Public Utility Code, 66 Pa. C.S. §§ 2101-2107. Therefore, the Merger Agreement between them requires Commission approval as an affiliated interest agreement under 66 Pa. C.S. § 2102.

60. Under the Merger Agreement, PNG Gathering will be merged into Peoples, with Peoples as the surviving entity.

61. The Merger Agreement is reasonable and in the public interest and should be approved.

XI. OTHER REGULATORY AND SHAREHOLDER APPROVALS

62. Peoples plans to execute the Proposed Transaction as soon as the final rehabilitation of the Goodwin/Tombaugh system is completed, subject to necessary regulatory approvals. Peoples anticipates that the Goodwin/Tombaugh rehabilitation will be completed by December 31, 2026. However, Peoples respectfully requests that approval of this Application not be delayed in order to provide regulatory certainty.

63. Shareholder approvals are not required to effectuate the Proposed Transaction.

XII. ADDITIONAL SUPPORTING DATA

64. The following appendices, containing additional information in support of this Application, are attached hereto:

- Appendix A – The Merger Agreement
- Appendix B – **HIGHLY CONFIDENTIAL** Map of Goodwin Tombaugh
- Appendix C – Chart of Present Ownership Structure of Essential Entities
- Appendix D – *Pro Forma* Post-Merger Corporate Organization Chart of Essential Entities
- Appendix E – Income Statement and Balance Sheet of Peoples as of July 31, 2025
- Appendix F – Income Statement and Balance Sheet of PNG Gathering as of July 31, 2025
- Appendix G – Intercompany Transfer from PNG Gathering to Peoples

65. Finally, all annual reports, tariffs, certificates of public convenience, applications, securities certificates, and similar documents previously filed by Peoples are made a part hereof by reference.

XIII. NOTICE

66. This Application is being served on the Commission's Bureau of Investigation & Enforcement, the Office of Consumer Advocate and the Office of Small Business Advocate. Peoples is also serving a copy of the Application on the parties in the *Essential Acquisition Proceeding*.

67. Peoples requests that the Commission publish notice of this Application in the Pennsylvania Bulletin pursuant to 52 Pa. Code § 5.14(a).

68. Pursuant to 52 Pa. Code § 5.14(b), Peoples will provide additional notice or service of this Application as directed by the Commission.

XIV. CONCLUSION

WHEREFORE, for all the foregoing reasons, Peoples respectfully requests that the Pennsylvania Public Utility Commission approve and issue the necessary certificates of public convenience to:

- (1) Merge PNG Gathering LLC into Peoples Natural Gas Company LLC, with Peoples Natural Gas Company LLC being the surviving entity; and
- (2) Grant any other approvals or certificates appropriate, customary, or necessary under the Public Utility Code to carry out the transaction contemplated in this Application in a lawful manner.

Respectfully submitted,



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E-mail: akanagy@postschell.com

Counsel for Peoples Natural Gas Company LLC.

Dated: August 14, 2025

APPENDIX A

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of _____, 202_ (the “Merger Agreement”), is by and between PNG Gathering LLC, a Delaware limited liability company and Peoples Natural Gas Company LLC, a Pennsylvania limited liability company.

WITNESSETH:

WHEREAS, a Certificate of Organization was filed with the Pennsylvania Department of State Corporation Bureau on January 29, 2010 organizing Peoples Natural Gas Company LLC as a Pennsylvania Domestic Limited Liability Company pursuant to 15 Pa.C.S. §8913;

WHEREAS, a Certificate of Formation was filed with the State of Delaware Secretary of State, Division of Corporations, on September 30, 2013 forming PNG Gathering LLC as a Limited liability Company pursuant to Chapter 18, Title 6 of the Delaware Code and the acts amendatory thereof and supplemental thereto;

WHEREAS, PNG Companies LLC, a Delaware limited liability company, as sole member, owns 100% of the outstanding limited liability company interests of Peoples Natural Gas and, separately; as sole member, owns 100% of the outstanding limited liability interests of PNG Gathering;

WHEREAS, per the PNG Gathering LLC Limited Liability Company Agreement of dated September 27, 2013, governed by the laws of the State of Delaware, the sole member of PNG Gathering is PNG Companies LLC;

WHEREAS, per the Peoples Natural Gas Company LLC Limited Liability Company Agreement dated February 1, 2010 and the First Amendment thereto dated August 10, 2011, governed by the laws of the commonwealth of Pennsylvania, the sole member of Peoples Natural Gas Company LLC is PNG Companies LLC;

WHEREAS, the sole member and board of directors of PNG Gathering LLC and the sole member and board of directors of Peoples Natural Gas Company LLC have determined that the merger of PNG Gathering LLC with and into Peoples Natural Gas Company LLC (the “Merger”) is consistent with and in furtherance of the business strategy of both entities;

WHEREAS, Section 18-209 of the Delaware Limited Liability Company Act, 6 Del.C. 18-§209 (the “DLLCA”) permits the merger of a limited liability company formed under the laws of the State of Delaware with a limited liability company formed under the laws of any other state;

WHEREAS, Section 331 of the Pennsylvania Entity Transactions Law, 15 Pa.C.S. §331 (the “PAETL”) permits the merger of a limited liability company formed under the laws of the Commonwealth of Pennsylvania with a limited liability company formed under the laws of any other state;

WHEREAS, in accordance with the applicable provisions of the DLLCA and the PAETL, PNG Gathering LLC and Peoples Natural Gas Company LLC desire to effect a merger whereby PNG Gathering LLC will merge with and into Peoples Natural Gas Company LLC, with Peoples Natural Gas Company LLC continuing as the surviving entity in such merger, all in accordance with the terms set forth herein; and

WHEREAS, in accordance with the applicable provisions of the DLLCA and the PAETL, this Merger Agreement has been duly adopted and approved by the sole member and board of directors of PNG Gathering LLC and the sole member and Board of Directors of Peoples Natural Gas Company LLC.

NOW, THEREFORE, in consideration of the mutual covenants herein set forth, the parties hereto hereby agree as follows:

ARTICLE 1 THE MERGER

1.1 **The Merger.** Upon the terms and subject to the conditions of this Merger Agreement, at the Effective Time (as defined below), PNG Gathering LLC shall be merged with and into Peoples Natural Gas Company LLC and the separate existence of PNG Gathering LLC shall thereupon cease. Peoples Natural Gas Company LLC shall be the surviving limited liability company in the Merger and is hereinafter sometimes referred to as the “Surviving Entity”.

1.2 **Effective Time of the Merger.** The parties hereto shall cause the Merger to be consummated by filing (i) the Certificate of Merger in the form attached hereto as **Exhibit A** and meeting the requirements of Section 18-209(c) of the DLLCA, 6 Del.C. 18-§209(c) (the “Certificate of Merger”) and (ii) the Statement of Merger in the form attached hereto as **Exhibit B** and meeting the requirements of Section 335 of the PAETL, 15 Pa.C.S. §335 (the “Statement of Merger”). The Merger will become effective upon the later of (i) the filing of the Certificate of Merger with the Delaware Secretary of State and (ii) the filing of the Statement of Merger with the Pennsylvania Department of State (the “Effective Time”).

1.3 **Effect of Merger.** At the Effective Time, the effect of the Merger will be as provided by this Agreement and by the applicable provisions of the DLLCA and the PAETL, including without limitation Section 18-209 of the DLLCA, 6 Del.C. 18-§209 and Section 336 of the PAETL, 15 Pa.C.S. §336.

ARTICLE 2 THE SURVIVING ENTITY

2.1 **Certificate of Organization and Limited Liability Company Agreement and First Amendment thereto of the Surviving Entity.** The Certificate of Organization of Peoples Natural Gas Company LLC as in effect immediately prior to the Effective Time, which is attached hereto as **Exhibit C**, shall be the Certificate of Organization of the Surviving Entity, and shall remain in effect from and after the Effective Time until amended in accordance with the governing laws of Pennsylvania. The Peoples Natural Gas Company Limited Liability Company Agreement, and the First Amendment thereto, in the form attached as **Exhibit D**, shall be the limited liability company agreement of the Surviving Entity, and shall remain in effect

from and after the Effective Time until amended in accordance with the governing laws of Pennsylvania.

2.2 Board and Officers of Surviving Entity.

(a) Each member of the Board of Directors of Peoples Natural Gas Company LLC, as set forth in its most recent unanimous consent of the sole member, in office immediately prior to the Effective Time will remain a member of the Board of Directors of the Surviving Entity and will continue to serve until his or her successor is duly elected or appointed and qualified or until his or her earlier death, resignation or removal in accordance with its Limited Liability Company Agreement and First Amendment thereto.

(b) The officers of Surviving Entity as of the Effective Time will be the following individuals set forth below. Such persons will continue as officers of the Surviving Entity until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with its Limited Liability Company Agreement and First Amendment thereto

Name	Title
Christopher H. Franklin	Chief Executive Officer
Daniel J. Schuller	EVP, Chief Financial Officer
Christopher P. Luning	EVP, General Counsel
Kimberly A. Joyce	VP, Regulatory, Governmental and External Affairs and Secretary
Michael A. Huwar	President
Robert A. Rubin	SVP, Chief Accounting Officer
Whitney Kellett	SVP, Chief Administrative Officer
Christina Kelly	SVP, Chief Human Resources Officer
Brian Dingerdissen	VP, Treasurer
Angela Jiang	VP, Tax
Heather Doyle-Conley	VP, Customer Operations
Christopher S. Crockett	VP, Chief Environmental Officer
Charles Stevenson	VP, Fleet
James Barbato	VP, Financial Planning and Analysis
Kim Edvardsson	VP, Finance and CFO
Paul Becker	VP, Construction and Engineering
Edward Palombo	VP, Reliability
Michael Turzai	VP and Assistant Secretary
Ronald King Jr.	VP, Gas Operations
Luke Ravenstahl	VP, Business Development
David Kralle	VP, Public Affairs
Sumit Nair	Chief Information Officer
Teresa McGonigle	Assistant Secretary

**ARTICLE 3
MERGING ENTITIES**

3.1 **Membership Interests.** At the Effective Time, by virtue of the Merger and without any action on the part of any party hereto, the membership interests of PNG Gathering LLC shall be cancelled without consideration, and PNG Companies LLC shall continue as the direct holder of the membership interests of Peoples Natural Gas Company LLC.

**ARTICLE 4
MISCELLANEOUS**

4.1 **Entire Agreement.** This Merger Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings among the parties with respect thereto.

4.2 **Electronic Signatures.** This Merger Agreement may be signed by electronic signature and may be delivered by pdf or electronic means, which will be considered a legal and binding agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Merger Agreement to be duly executed as of the date first written above.

PNG Gathering LLC

By: _____
Name: Michael A. Huwar
Title: President

Peoples Natural Gas Company LLC

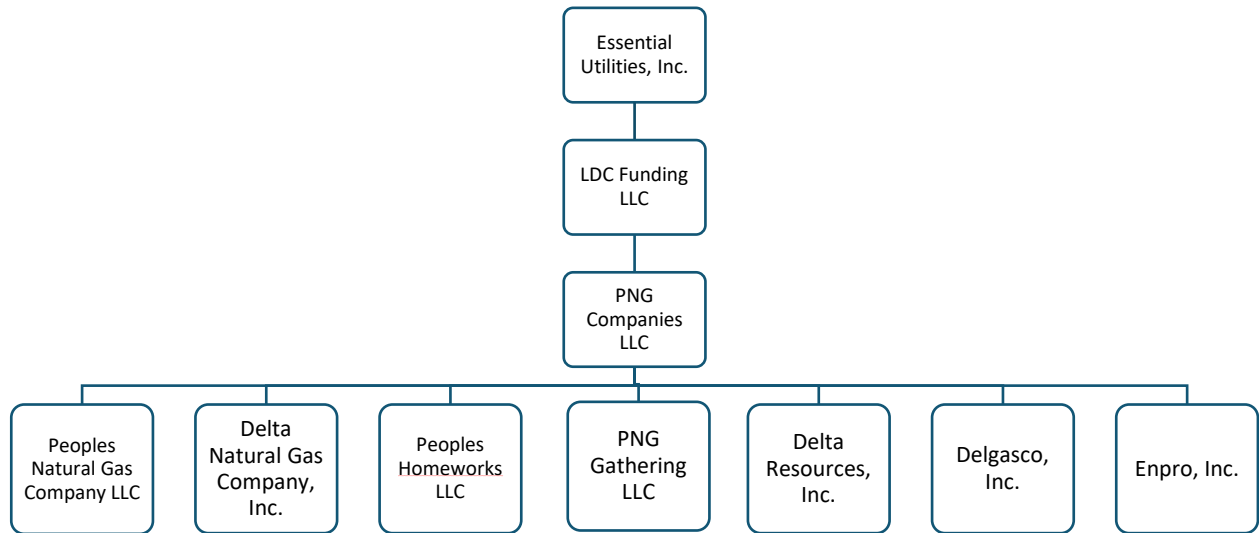
By: _____
Name: Michael A. Huwar
Title: President

Exhibits A-D

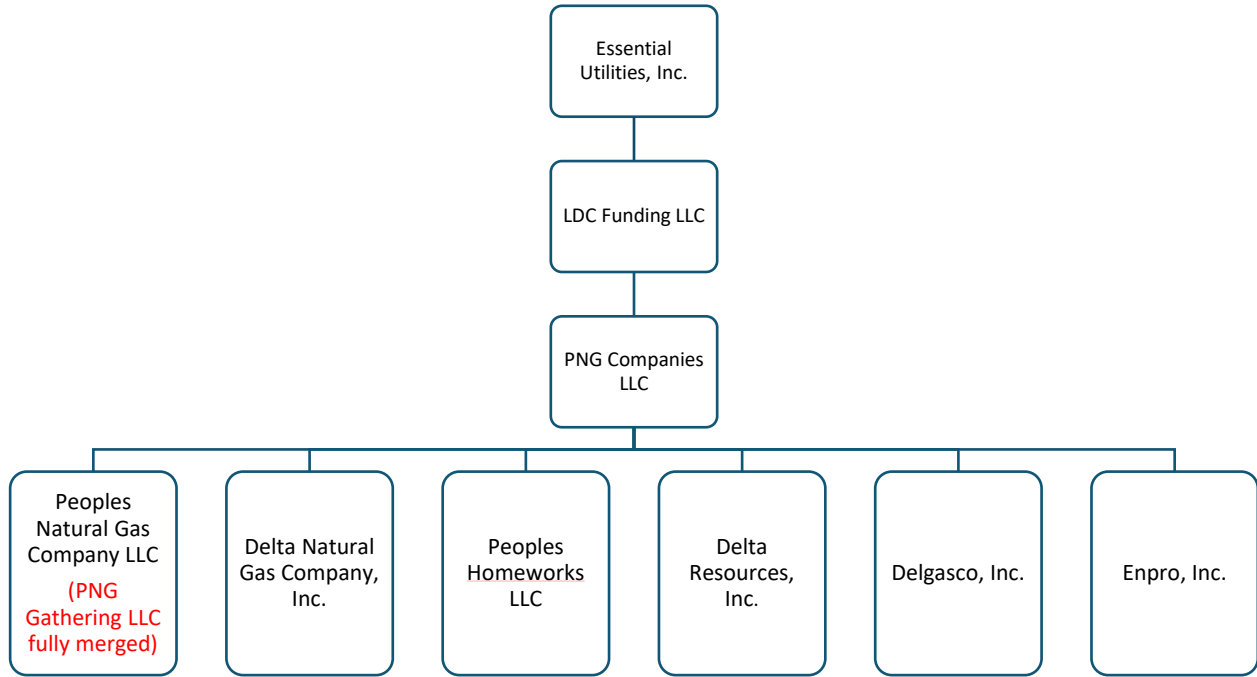
To be finalized and executed at closing

APPENDIX B
(No public version)

APPENDIX C



APPENDIX D



APPENDIX E

Peoples Natural Gas
Income Statement
Regulatory View - FERC Account
As of July 31, 2025

Description	7/31/2025
Operating Revenue	\$ (577,560,156)
Non-Operating Revenue	(9,567,300)
Total Revenue	(587,127,456)
Utility Costs & Expense	
Purchased Gas	228,238,369
Labor	53,562,381
Employee Benefits	25,286,604
Materials & Supplies	8,117,211
Outside Services	40,652,993
Transportation	4,318,577
Leases	1,913,409
Miscellaneous Expense	(46,750,547)
Insurance	5,873,484
Bad Debt	10,647,025
Non-Operating Expense	971,328
Depreciation	77,157,670
Taxes Other Than Income	7,998,156
Total Utility Costs & Expenses	417,986,660
Total Operating Income	(169,140,797)
Other (Income) Expenses	33,241,638
Total Income Before Tax & Gain	(135,899,159)
Income Taxes	(34,419,266)
Total Net Income	\$ (170,318,425)

Peoples Natural Gas
Balance Sheet
Regulatory View - FERC Account
As of July 31, 2025

Description	7/31/2025
<u>Assets & Other Debits</u>	
Utility PP&E	\$ 4,997,764,673
Accumulated Depreciation	(1,271,806,888)
Construction Work in Progress	121,478,739
Other Assets	4,500,002
Current Assets	133,464,947
Non-Current Assets	932,101,885
Total Assets & Other Debits	\$ 4,917,503,358
<u>Liabilities & Other Credits</u>	
Equity	\$ (2,073,854,096)
Long Term Debt	(1,745,207,018)
Accrued Income Taxes	73,918,418
Current Liabilities	(255,589,551)
Deferred Income Taxes	(731,368,065)
Non-Current Liabilities	(185,403,046)
Total Liabilities & Other Credits	\$ (4,917,503,358)

APPENDIX F

PNG Gathering
Income Statement
Regulatory View - FERC Account
As of July 31, 2025

Description	7/31/2025
Operating Revenue	
Total Revenue	\$ (15,449)
Utility Costs & Expense	
Labor	50,779
Employee Benefits	1,589
Materials & Supplies	19,691
Outside Services	245,234
Transportation	4,980
Miscellaneous Expenses	17,543
Depreciation	15,214
Taxes Other Than Income	599
Total Utility Costs & Expenses	355,628
Total Operating Income	340,179
Other (Income) Expense	234,327
Total Income Before Tax & Gain	574,506
Income Taxes	(125,248)
Total Net Loss	\$ 449,258

PNG Gathering
Balance Sheet
Regulatory View - FERC Account
As of July 31, 2025

Description	7/31/2025
<u>Assets & Other Debits</u>	
Utility Plant:	
Gross Utility Plant	2,096,056
Depreciation	(202,283)
Total Assets & Other Debits	\$ 1,893,774
<u>Liabilities & Other Credits</u>	
Equity	(2,550,499)
Accrued Income Taxes	340,759
Current Liabilities	-
Deferred Income Taxes	315,966
Noncurrent Liabilities	-
Total Liabilities & Other Credits	\$ (1,893,774)

APPENDIX G

Intercompany Transfer
PNG Gathering to
Peoples Natural Gas
as of July 31, 2025


	PNG Gathering as of 7/31/2025	Intercompany Transfer (to 1000)	PNG Gathering Post-Transfer		Peoples Natural Gas as of 7/31/2025	Intercompany Transfer (from 1500)	Peoples Natural Gas Post-Transfer
BALANCE SHEET				BALANCE SHEET			
<u>Assets & Other Debits</u>				<u>Assets & Other Debits</u>			
Utility PP&E	\$ 2,096,057	\$ (2,096,057)	\$ -	Utility PP&E	\$ 4,997,764,673	\$ 2,096,057	\$ 4,999,860,730
Accumulated Depreciation	\$ (202,283)	202,283	-	Accumulated Depreciation	(1,271,806,888)	(202,283)	(1,272,009,171)
Construction Work in Progress	\$ -	-	-	Construction Work in Progress	121,478,739	-	121,478,739
Other Assets	\$ -	-	-	Other Assets	4,500,002	-	4,500,002
Current Assets	\$ -	-	-	Current Assets	133,464,947	-	133,464,947
Non-Current Assets	\$ -	-	-	Non-Current Assets	932,101,885	-	932,101,885
Total Assets & Other Debits	\$ 1,893,774	\$ (1,893,774)	\$ -	Total Assets & Other Debits	\$ 4,917,503,358	\$ 1,893,774	\$ 4,919,397,132
<u>Liabilities & Other Credits</u>				<u>Liabilities & Other Credits</u>			
Equity	\$ (2,550,499)	\$ 2,550,499	\$ -	Equity	(2,073,854,096)	(2,550,499)	\$ (2,076,404,595)
Long Term Debt	-	-	-	Long Term Debt	(1,745,207,018)	-	(1,745,207,018)
Accrued Income Taxes ^A	340,759	(340,759)	-	Accrued Income Taxes	73,918,418	340,759	74,259,177
Current Liabilities	-	-	-	Current Liabilities	(255,589,551)	-	(255,589,551)
Deferred Income Taxes ^A	315,966	(315,966)	-	Deferred Income Taxes	(731,368,065)	315,966	(731,052,099)
Non-Current Liabilities	-	-	-	Non-Current Liabilities	(185,403,046)	-	(185,403,046)
Total Liabilities & Other Credits	\$ (1,893,774)	\$ 1,893,774	\$ -	Total Liabilities & Other Credits	\$ (4,917,503,358)	\$ (1,893,774)	\$ (4,919,397,132)

^A - These lines were separated to show that there are only income tax attributes remaining within current and non-current liabilities.

VERIFICATION

I, Andrew Wachter, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: August 14, 2025


(Signature)