



**Meagan Moore, Senior Attorney**  
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**Via E-file**

January 27, 2026

Matthew Homsher, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street – 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

Re: Revised Affiliated Interest Agreement between Peoples Natural Gas Company LLC and PNG Companies LLC; Docket No. G-2022-3036720

Dear Secretary Homsher:

Please accept for filing the enclosed, revised Service Agreement between Peoples Natural Gas Company LLC (“Peoples”) and PNG Companies LLC (“PNG”) (the “Service Agreement”). The Service Agreement is being filed pursuant to 66 Pa. C.S. § 2102, which governs the approval of contracts with affiliated interests.

This Service Agreement hereby replaces the existing affiliated interest agreement which was approved by the Pennsylvania Public Utility Commission by a secretarial letter issued March 3, 2023 in Docket No. G-2022-3036720. The attached revised Service Agreement is a fully executed agreement which includes an updated list of Non-Party Affiliates who have contracted to receive services with PNG, as well as minor updates to reflect Peoples’ current legal name. For ease of reference, a redlined version of the agreement is also attached.

Peoples, therefore, respectfully requests that the Commission grant approval of the revised Service Agreement to replace the existing agreement approved in Docket No G-2022-3036720.

If you have any questions or concerns regarding this matter, please do not hesitate to contact me.

Sincerely yours,

*Meagan Moore*

Meagan Moore  
Counsel for Peoples Natural Gas Company LLC

## CERTIFICATE OF SERVICE

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

### VIA E-MAIL

NazAarah Sabree  
Small Business Advocate  
Pennsylvania Office of Small Business Advocate  
555 Walnut Street, 1st Floor  
Forum Place  
Harrisburg, PA 17101  
[ra-sba@pa.gov](mailto:ra-sba@pa.gov)

Darryl Lawrence, Esq.  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1923  
[ra-oca@paoca.org](mailto:ra-oca@paoca.org)

Allison C. Kaster, Esq.  
Bureau of Investigation & Enforcement  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
PO Box 3265  
Harrisburg, PA 17105-3265  
[akaster@pa.gov](mailto:akaster@pa.gov)

Date: January 27, 2026

*Meagan Moore*  

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Counsel for Peoples Natural Gas  
Company LLC

**SERVICE AGREEMENT**

**BETWEEN**

**PEOPLES NATURAL GAS COMPANY LLC**

**AND**

**PNG COMPANIES LLC**

Dated January 27, 2026

## **SERVICE AGREEMENT**

This Service Agreement (“Agreement”) is entered into as of the 27 day of January, 2026, by and between Peoples Natural Gas Company LLC (“Peoples”) and PNG Companies LLC (“PNG”) (collectively, Peoples and PNG may hereinafter be referred to as the “Parties”).

WHEREAS, Peoples is a public utility certificated by the Pennsylvania Public Utility Commission that provides natural gas service to approximately 700,000 customers in all or a portion of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Clarion, Clearfield Fayette, Greene, Indiana, Jefferson, Lawrence, Mercer, Somerset, Venango, Washington, and Westmoreland;

WHEREAS, Peoples is, as shown on the organizational chart attached hereto as **Exhibit A**, a wholly-owned direct subsidiary of PNG, a Delaware limited liability company, which in turn is a wholly-owned direct subsidiary of LDC Funding LLC (“Funding”), a Delaware limited liability company; and LDC Funding LLC is a wholly-owned direct subsidiary of Essential Utilities, Inc.;

WHEREAS, PNG will be staffed with employees in the areas included in **Exhibit B** to efficiently manage PNG’s provision of shared services;

WHEREAS, the Parties believe that it is in their interest to enter into an arrangement whereby Peoples may agree to purchase certain administrative, management, and other services as described in **Exhibit B** from PNG as Peoples may choose at cost as determined in accordance with this Agreement;

WHEREAS, the Parties believe that it is in their interest to enter into an arrangement whereby PNG may agree to purchase certain services as described in **Exhibit B** from Peoples as PNG may choose at cost as determined in accordance with this Agreement;

WHEREAS, the Parties believe that it is in their interest that PNG act as counter-party to Peoples for the exchange of certain services as described in **Exhibit B** between Peoples and affiliates of PNG that are not a party to this Service Agreement but have entered into the same form of service agreement with PNG (“Non-Party Affiliates”) and that are listed in **Exhibit C**; and

WHEREAS, the Parties agree that certain Non-Party Affiliates have contracted to receive services with PNG. Those Non-Party Affiliates are listed in **Exhibit C**.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

### **1. DESCRIPTION OF SERVICES.**

PNG agrees to provide certain administrative, management or other services to Peoples as described in **Exhibit B**. Such services shall be provided to Peoples at the request of Peoples.

Peoples agrees to provide services to PNG as described in **Exhibit B**. Such services shall be provided to PNG at the request of PNG.

PNG agrees to act as counter-party to Peoples for services, as described in **Exhibit B**, exchanged between Peoples and PNG's Non-Party Affiliates. PNG must pass-through the charges for such services at cost without mark-up. For simplicity of billing, Peoples may directly bill Non-Party Affiliates for services rendered. PNG shall provide to Peoples or to PNG's Non-Party Affiliates, as the case may be, upon request, proof of the costs of such services.

A Party purchasing services is hereinafter referred to as the "Client Company" and a Party providing services is hereinafter the "Service Company." **Exhibit B** hereto lists and describes the administrative, management or other services that are available from Peoples and PNG (hereinafter, the "Services").

**2. PERSONNEL.**

In order to provide the Services, PNG will employ executive officers, accountants, financial advisers, technical advisers, attorneys, and other persons with the necessary qualifications. If necessary, the Parties may also arrange for the services of nonaffiliated experts, consultants and attorneys in connection with the performance of any of the Services provided under this Agreement.

**3. COMPENSATION AND ALLOCATION.**

The Service Company shall directly assign the costs for such Services to the Client Company where Services are for capitalized projects, are provided for a special project requested by a Client Company, or where current allocations are not representative of current efforts. In all other instances, such costs shall be allocated as indicated in **Exhibit B**.

**4. TERMINATION**

This Agreement shall be in full force and effect as of the date of execution, subject to any necessary approval of governmental agencies having jurisdiction over this matter, and shall continue until terminated by any Party hereto giving the other Party one year written notice of termination; provided, however, that this Agreement shall terminate immediately with regard to any Party as of the date such Party ceases to be affiliated with the other Party. This Agreement shall also be subject to termination, without notice, if and to the extent performance under this Agreement may conflict with any state or federal statute, or any rule, decision, or order of any state or federal regulatory agency having jurisdiction over one or more of the Parties. The Parties' obligations under this Agreement, which by their nature are intended to continue beyond the termination or expiration of this Agreement, shall survive such termination or expiration.

**5. SERVICE REQUESTS.**

A Client Company requesting Services will prepare a Service Request on or before December 1st of each year listing the Services to be provided by the Service Company in the coming year and any special arrangements related to the provision of such Services for the coming year, based on the Services provided during the preceding year. The Client Company and Service Company may supplement the Service Request during the year to reflect any additional or special Services that Client Company wishes to obtain from the Service Company, and the arrangements relating thereto.

**6. BILLING AND PAYMENT.**

As soon as practical after the last day of each month, a billing shall be rendered for all amounts due for Services and expenses for such period, computed pursuant to this Agreement. All amounts so billed shall be paid within 30 days. Payment for Services provided shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of Client Company and Service Company. Any amount remaining unpaid after 30 days following receipt of the bill shall bear interest thereon from the due date of the bill until payment at a rate equal to the prime rate on the due date. The Parties shall keep their books and records available at all reasonable times for inspection by representatives of the other Party or by regulatory bodies having jurisdiction over them and, upon request, shall furnish any and all information required with respect to the services rendered, the costs thereof, and the allocation of costs among all Parties to this Agreement.

**7. NOTICE.**

All notices, requests and other communications shall be deemed to have been duly given or delivered if transmitted by personal service or, if mailed, postage prepaid, return receipt requested, to the following addresses:

If to Peoples:

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

If to PNG:

President  
PNG Companies LLC  
375 North Shore Drive  
Pittsburgh, PA 15212

**8. GOVERNING LAW.**

The construction and interpretation of the terms and provisions of this Agreement shall be in accordance with and governed by the laws of the Commonwealth of Pennsylvania.

**9. COMPLIANCE WITH LAW AND REGULATIONS.**

Unless specifically exempted, this Agreement will be performed in full conformance with all applicable federal, state, and local labor and employment laws and regulations.

**10. MODIFICATION.**

No amendment, change, or modification to this Agreement shall be valid, unless made in writing and signed by all Parties hereto; provided however that all amendments, changes, and modifications must be approved as necessary by any governmental agencies having jurisdiction.

**11. PARTICIPATION BY ADDITIONAL NON-PARTY AFFILIATES.**

Notwithstanding anything to the contrary contained herein, PNG may enter into service agreements with additional Non-Party Affiliates, without the consent of Peoples and without modification of this Agreement, provided that: (a) the agreement with the new Non-Party Affiliate contains the same material terms and conditions as the instant Agreement (including modifications pursuant to Section 10 above), including but not limited to the cost allocation factors contained **Exhibit B** attached hereto; and (b) the agreement with the new Non-Party Affiliate does not result in increased costs for Peoples.

The Non-Party Affiliates that have contracted to receives services with PNG are listed in **Exhibit C**. Peoples will update this list as Non-Party Affiliates with PNG change.

**12. ENTIRE AGREEMENT.**

This Agreement, together with its exhibits, constitutes the entire understanding and agreement of the Parties with respect to its subject matter, and effective upon the execution of this Agreement by the respective Parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent transactions thereunder have taken place prior to such effective date in which case such agreements will govern the terms of such transactions.

**13. WAIVER.**

No waiver by either party hereto of a breach of any provision of this Agreement shall constitute a waiver of any preceding or succeeding breach of the same or any other provision hereof.

**14. FORCE MAJEURE.**

It is agreed that, in the event a *force majeure* renders any Party wholly or partially unable to carry out its obligations under this Agreement, other than its obligations to make payments on money due incident to performance hereunder, the obligation of the Party so affected shall be suspended during the continuance of any such liability. The Party claiming a *force majeure* shall remedy the condition and resume performance with all reasonable dispatch. "*Force Majeure*" shall mean acts of God, strikes, lockouts or other industrial disturbances; acts of the public enemy, wars, blockages, boycotts, insurrections, riots, epidemics, landslides, lightening, earthquakes, fires, storms, floods, washouts, arrest and restraints (either economic or physical) of government, rulers and people, civil disturbances, explosions, governmental regulations, curtailment or other inability to obtain required governmental permits and other causes, whether of the kind herein enumerated or otherwise, not within the reasonable control of a Party, and which by the exercise of reasonable diligence such Party is unable to prevent or overcome; provided that the settlement of strikes or lockouts by a Party to this Agreement shall be entirely within the discretion of the Party to the Agreement having the difficulty, and the above requirements that any event of *force majeure* shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by a Party to this Agreement when such course is deemed inadvisable in the discretion of the Party to the Agreement having the difficulty.

**15. ASSIGNMENT.**

This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns. The rights, interests, or obligations hereunder and under any agreements with third parties may be assigned between Peoples, PNG, and Non-Party Affiliates through mutual consent, which consent shall not be unreasonably withheld, delayed, or conditioned.

**16. SEVERABILITY.**

If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

**17. REPRESENTATIONS.**

By their execution hereof, the Parties represent and warrant that they are authorized to enter into this Agreement, that it does not conflict with any contract, lease, instrument, or other obligation, that it represents their valid and binding obligation, enforceable in accordance with its terms, and that each Party has all legal power and authority to own and use its properties and to transact the business in which it engages or proposes to engage, and has all governmental authorizations necessary and required therefor.

**18. CONFIDENTIALITY.**

A Party shall hold, and shall cause its Non-Party Affiliates to hold, in confidence any information concerning the affairs of the other Party that it has reason to believe is reasonably considered by the other Party, or a Non-Party Affiliate of the other Party, to be confidential and shall not (except as required by law or regulatory authority, subject to available confidentiality protections) disclose, publish, or make use of such information without the consent of the other Party.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives, effective as of the 27 day of JANUARY, 2026.

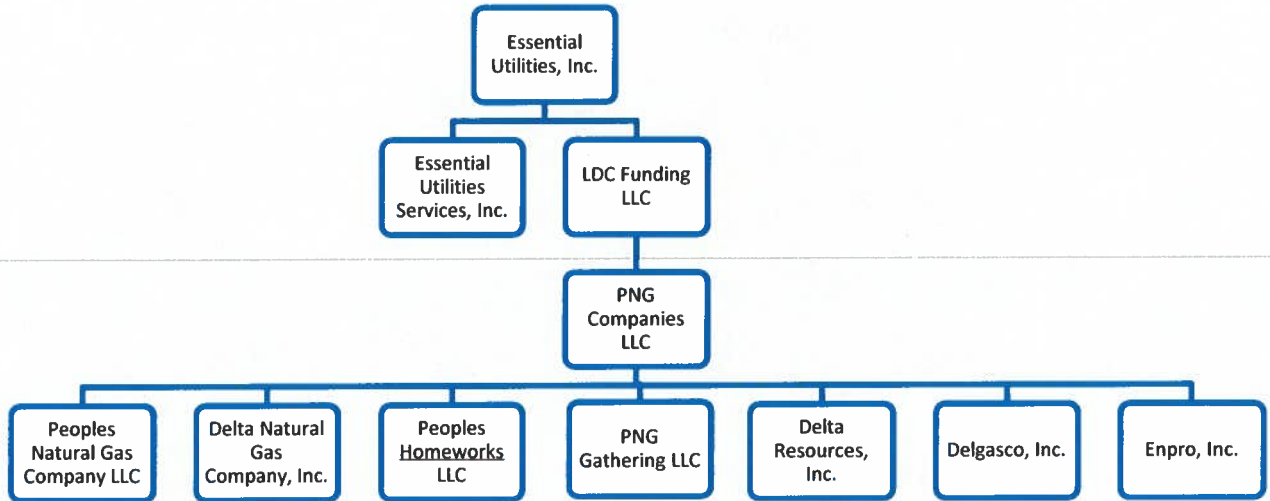
PNG Companies LLC

Peoples Natural Gas Company LLC

By: Michael A. Shuman

By: Michael A. Shuman

## EXHIBIT A



## **EXHIBIT B**

### **DESCRIPTION OF SERVICES AND ALLOCATION METHODOLOGIES**

This Exhibit provides a description of all products and services provided under the Service Agreement between Peoples Natural Gas Company LLC and PNG Companies LLC (“Agreement”) and the cost allocation methodologies to be used in connection therewith. As used herein, the term “Service Company” refers to the company providing services and the term “Client Company” refers to the company receiving services.

### **DESCRIPTIONS OF PRODUCTS AND SERVICES**

PNG Companies LLC (“PNG”) agrees to provide services to Peoples Natural Gas Company LLC (“Peoples”) at the request of Peoples. PNG shall act as counter-party to Peoples where such services are provided by PNG’s Non-Party Affiliates to Peoples. All such services, as may be amended from time to time, shall be charged based upon the Direct Charge method where services are provided for capitalized projects, special project requested by a Client Company or where current allocations are not representative of current efforts. In all other instances the cost of services shall be allocated as identified in **Attachment 1**. PNG shall pass-through the charges for services rendered by PNG’s Non-Party Affiliates to Peoples at cost without mark-up. PNG shall provide to Peoples Natural, upon request, proof of the costs of services.

All services set forth in **Attachment 1**, with the exception of services provided through Peoples’ IT system investments which will remain at Peoples, will be provided by PNG. For services provided through Peoples’ IT system investments, PNG shall act as counter-party to Peoples where such services are provided by Peoples to PNG’s Non-Party Affiliates. PNG shall pass-through the charges for services rendered by Peoples to PNG’s Non-Party Affiliates at cost without mark-up. For simplicity of billing, Peoples may directly bill Non-Party Affiliates for services rendered. Peoples shall provide to PNG, upon request, proof of the costs of services.

### **COST OF SERVICES AND ALLOCATION METHODOLOGIES**

- I. The costs of services provided by Service Company will be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The costs of services provided by the Service Company that cannot be charged directly to the Client Company receiving the service will be allocated among the Client Companies by utilizing one of the methods described below that most accurately distributes the costs. The method of cost allocation varies based on the department rendering the Service.

II. The costs of rendering service by Service Company will include all costs of doing business. Costs of doing business include, as applicable, wages and salaries of employees and related fringe benefit expenses (such as health care, life insurance, payroll taxes, pensions and other employee welfare expenses), equipment, tooling, materials, subcontract costs, overheads, cost of capital and taxes. The investment in IT systems to provide services will remain at Peoples and the associated costs will be charged to the Client Companies. The costs of such investment shall include depreciation, return on the investment and associated taxes. The rate of return used to calculate the return costs shall be based on the rate of return approved in Peoples' most recent base rate case. If a rate of return is not available in Peoples' rate case, the cost of capital used in Peoples' currently effective DSIC tariff will be used.

A. Service Company will maintain a separate record of each department's costs of rendering services. The costs of services of each department will include:

1. those expenses that are directly attributable to such department, and
2. an appropriate portion of those office and housekeeping expenses that are not directly attributable to a department but which are necessary to the operation of such department (excluding building rents and other facilities charges), which shall be allocated to the department in accordance with the allocation procedures set forth in Section VII.

B. The costs of rendering services of a department will not include:

1. those incremental out-of-pocket expenses that are incurred for the direct benefit and convenience of an individual Client Company or group of Client Companies,
2. Service Company overhead expenses that are attributable to maintaining the corporate existence of Service Company (including building rents and other facilities charges), and all other incidental overhead expenses including those auditing fees, internal auditing department expenses and accounting department expenses attributable to Service Company.

C. Service Company will establish annual budgets for controlling the expenses of each department and for determining estimated costs to be included in interim monthly billing.

III. The charges to a Client Company that are to be computed pursuant to the Direct Charge Method will be determined by multiplying the hours reported by employees in rendering such service by the hourly rates applicable to such employees. When such employees render service that is to be allocated as identified in **Attachment 1**, the charge to each Client Company will be determined by multiplying non-directly charged costs of the department by the ratio of the applicable allocation basis for the receiving company to the

total application basis for all parties to this agreement, allocation set forth in **Attachment 1**.

- IV. To the extent appropriate and practical, the foregoing computations of hourly rates and charges may be determined for groups of employees within reasonable salary range limits.
- V. Those expenses of the Service Company that are not included in the annual expense of a department under Section II. above will be charged to Client Companies receiving service as follows:
  - A. Incremental out-of-pocket costs incurred for the direct benefit and convenience of a Client Company will be charged directly to such Client Company. Such costs incurred for a group of Client Companies will be allocated on the basis of the appropriate formula set forth in Attachment 1.
  - B. Service Company overhead expenses referred to in Section II. above will be charged to the Client Company either on the proportion of direct charges to that Client Company or, if such allocation is not possible, under the allocation formulas set forth in Section VII. of this Exhibit.
- VI. Monthly bills will be issued for the Services rendered to the Client Company on an actual basis. However, if such actual information is not available at the time of preparation of the monthly bill, estimates may be used. Estimates will normally be predicated on service department budgets and estimated productive hours of employees for the year. At the end of each quarter, estimated figures will be revised and adjustments will be made in amounts billed to give effect to such revision.
- VII. The following tables describe the services and basis for allocation (by Service Department and Function) that shall be used to allocate the costs of services, which are not directly charged, to individual Client Companies. PNG may enter into other service agreements without modification of this **Exhibit B** and **Attachment 1** in accordance with Section 11 of the Agreement.

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## **EXHIBIT C**

### **Non-Party Affiliates**

Delta Natural Gas Company, Inc.  
Essential Utilities, Inc.  
LDC Funding, LLC  
Peoples Homeworks LLC  
PNG Gathering LLC  
Essential Utilities Services, Inc.

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**SERVICE AGREEMENT**

**BETWEEN**

**PEOPLES NATURAL GAS COMPANY LLC**

**AND**

**PNG COMPANIES LLC**

Dated \_\_\_\_\_, 202~~2~~<sup>6</sup>

## SERVICE AGREEMENT

This Service Agreement (“Agreement”) is entered into as of the \_\_ day of \_\_\_\_\_, 202~~62~~, by and between Peoples Natural Gas Company LLC (“Peoples ~~Natural~~”) and PNG Companies LLC (“PNG”) (collectively, Peoples ~~Natural~~ and PNG may hereinafter be referred to as the “Parties”).

WHEREAS, Peoples ~~Natural~~ is a public utility certificated by the Pennsylvania Public Utility Commission that provides natural gas service to approximately ~~700635~~,000 customers in all or a portion of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Clarion, Clearfield Fayette, Greene, Indiana, Jefferson, Lawrence, Mercer, Somerset, Venango, Washington, and Westmoreland;

WHEREAS, Peoples ~~Natural~~ is, as shown on the organizational chart attached hereto as **Exhibit A**, a wholly-owned direct subsidiary of PNG, a Delaware limited liability company, which in turn is a wholly-owned direct subsidiary of LDC Funding LLC (“Funding”), a Delaware limited liability company; and LDC Funding LLC is a wholly-owned direct subsidiary of Essential Utilities, Inc.;

WHEREAS, PNG will be staffed with employees ~~who are presently employed by Peoples Natural or Peoples Gas Company LLC (“Peoples Gas”) and who will transition to employment by PNG in the areas included in Exhibit B~~ to efficiently manage PNG’s provision of shared services;

WHEREAS, the Parties believe that it is in their interest to enter into an arrangement whereby Peoples ~~Natural~~ may agree to purchase certain administrative, management, and other services as described in **Exhibit B** from PNG as Peoples ~~Natural~~ may choose at cost as determined in accordance with this Agreement;

WHEREAS, the Parties believe that it is in their interest to enter into an arrangement whereby PNG may agree to purchase certain services as described in **Exhibit B** from Peoples ~~Natural~~ as PNG may choose at cost as determined in accordance with this Agreement;

WHEREAS, the Parties believe that it is in their interest that PNG act as counter-party to Peoples ~~Natural~~ for the exchange of certain services as described in **Exhibit B** between Peoples ~~Natural~~ and affiliates of PNG that are not a party to this Service Agreement but have entered into the same form of service agreement with PNG (“Non-Party Affiliates”) and that are listed in **Exhibit C**; and

WHEREAS, the Parties agree that certain Non-Party Affiliates have contracted to receive services with PNG. Those Non-Party Affiliates are listed in **Exhibit C**.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

### **1. DESCRIPTION OF SERVICES.**

PNG agrees to provide certain administrative, management or other services to Peoples ~~Natural~~ as described in **Exhibit B**. Such services shall be provided to Peoples ~~Natural~~ at the request of Peoples ~~Natural~~.

Peoples ~~Natural~~ agrees to provide services to PNG as described in **Exhibit B**. Such services shall be provided to PNG at the request of PNG.

PNG agrees to act as counter-party to Peoples ~~Natural~~ for services, as described in **Exhibit B**, exchanged between Peoples ~~Natural~~ and PNG's Non-Party Affiliates. PNG must pass-through the charges for such services at cost without mark-up. For simplicity of billing, Peoples ~~Natural~~ may directly bill Non-Party Affiliates for services rendered. PNG shall provide to Peoples ~~Natural~~ or to PNG's Non-Party Affiliates, as the case may be, upon request, proof of the costs of such services.

A Party purchasing services is hereinafter referred to as the "Client Company" and a Party providing services is hereinafter the "Service Company." **Exhibit B** hereto lists and describes the administrative, management or other services that are available from Peoples ~~Natural~~ and PNG (hereinafter, the "Services").

## **2. PERSONNEL.**

In order to provide the Services, PNG will employ executive officers, accountants, financial advisers, technical advisers, attorneys, and other persons with the necessary qualifications. If necessary, the Parties may also arrange for the services of nonaffiliated experts, consultants and attorneys in connection with the performance of any of the Services provided under this Agreement.

## **3. COMPENSATION AND ALLOCATION.**

The Service Company shall directly assign the costs for such Services to the Client Company where Services are for capitalized projects, are provided for a special project requested by a Client Company, or where current allocations are not representative of current efforts. In all other instances, such costs shall be allocated as indicated in **Exhibit B**.

## **4. TERMINATION**

This Agreement shall be in full force and effect as of the date of execution, subject to any necessary approval of governmental agencies having jurisdiction over this matter, and shall continue until terminated by any Party hereto giving the other Party one year written notice of termination; provided, however, that this Agreement shall terminate immediately with regard to any Party as of the date such Party ceases to be affiliated with the other Party. This Agreement shall also be subject to termination, without notice, if and to the extent performance under this Agreement may conflict with any state or federal statute, or any rule, decision, or order of any state or federal regulatory agency having jurisdiction over one or more of the Parties. The Parties'

obligations under this Agreement, which by their nature are intended to continue beyond the termination or expiration of this Agreement, shall survive such termination or expiration.

**5. SERVICE REQUESTS.**

A Client Company requesting Services will prepare a Service Request on or before December 1st of each year listing the Services to be provided by the Service Company in the coming year and any special arrangements related to the provision of such Services for the coming year, based on the Services provided during the preceding year. The Client Company and Service Company may supplement the Service Request during the year to reflect any additional or special Services that Client Company wishes to obtain from the Service Company, and the arrangements relating thereto.

**6. BILLING AND PAYMENT.**

As soon as practical after the last day of each month, a billing shall be rendered for all amounts due for Services and expenses for such period, computed pursuant to this Agreement. All amounts so billed shall be paid within 30 days. Payment for Services provided shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of Client Company and Service Company. Any amount remaining unpaid after 30 days following receipt of the bill shall bear interest thereon from the due date of the bill until payment at a rate equal to the prime rate on the due date. The Parties shall keep their books and records available at all reasonable times for inspection by representatives of the other Party or by regulatory bodies having jurisdiction over them and, upon request, shall furnish any and all information required with respect to the services rendered, the costs thereof, and the allocation of costs among all Parties to this Agreement.

**7. NOTICE.**

All notices, requests and other communications shall be deemed to have been duly given or delivered if transmitted by personal service or, if mailed, postage prepaid, return receipt requested, to the following addresses:

If to Peoples ~~Natural~~:

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

If to PNG:

President  
PNG Companies LLC  
375 North Shore Drive

Pittsburgh, PA 15212

**8. GOVERNING LAW.**

The construction and interpretation of the terms and provisions of this Agreement shall be in accordance with and governed by the laws of the Commonwealth of Pennsylvania.

**9. COMPLIANCE WITH LAW AND REGULATIONS.**

Unless specifically exempted, this Agreement will be performed in full conformance with all applicable federal, state, and local labor and employment laws and regulations.

**10. MODIFICATION.**

No amendment, change, or modification to this Agreement shall be valid, unless made in writing and signed by all Parties hereto; provided however that all amendments, changes, and modifications must be approved as necessary by any governmental agencies having jurisdiction.

**11. PARTICIPATION BY ADDITIONAL NON-PARTY AFFILIATES.**

Notwithstanding anything to the contrary contained herein, PNG may enter into service agreements with additional Non-Party Affiliates, without the consent of Peoples ~~Natural~~ and without modification of this Agreement, provided that: (a) the agreement with the new Non-Party Affiliate contains the same material terms and conditions as the instant Agreement (including modifications pursuant to Section 10 above), including but not limited to the cost allocation factors contained **Exhibit B** attached hereto; and (b) the agreement with the new Non-Party Affiliate does not result in increased costs for Peoples ~~Natural~~.

The Non-Party Affiliates that have contracted to receive services with PNG are listed in **Exhibit C**. Peoples ~~Natural~~ will update this list as Non-Party Affiliates with PNG change.

**12. ENTIRE AGREEMENT.**

This Agreement, together with its exhibits, constitutes the entire understanding and agreement of the Parties with respect to its subject matter, and effective upon the execution of this Agreement by the respective Parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent transactions thereunder have taken place prior to such effective date in which case such agreements will govern the terms of such transactions.

**13. WAIVER.**

No waiver by either party hereto of a breach of any provision of this Agreement shall constitute a waiver of any preceding or succeeding breach of the same or any other provision hereof.

**14. FORCE MAJEURE.**

It is agreed that, in the event a *force majeure* renders any Party wholly or partially unable to carry out its obligations under this Agreement, other than its obligations to make payments on money due incident to performance hereunder, the obligation of the Party so affected shall be suspended during the continuance of any such liability. The Party claiming a *force majeure* shall remedy the condition and resume performance with all reasonable dispatch. “*Force Majeure*” shall mean acts of God, strikes, lockouts or other industrial disturbances; acts of the public enemy, wars, blockages, boycotts, insurrections, riots, epidemics, landslides, lightening, earthquakes, fires, storms, floods, washouts, arrest and restraints (either economic or physical) of government, rulers and people, civil disturbances, explosions, governmental regulations, curtailment or other inability to obtain required governmental permits and other causes, whether of the kind herein enumerated or otherwise, not within the reasonable control of a Party, and which by the exercise of reasonable diligence such Party is unable to prevent or overcome; provided that the settlement of strikes or lockouts by a Party to this Agreement shall be entirely within the discretion of the Party to the Agreement having the difficulty, and the above requirements that any event of *force majeure* shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by a Party to this Agreement when such course is deemed inadvisable in the discretion of the Party to the Agreement having the difficulty.

**15. ASSIGNMENT.**

This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns. The rights, interests, or obligations hereunder and under any agreements with third parties may be assigned between Peoples ~~Natural~~, PNG, and Non-Party Affiliates through mutual consent, which consent shall not be unreasonably withheld, delayed, or conditioned.

**16. SEVERABILITY.**

If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

**17. REPRESENTATIONS.**

By their execution hereof, the Parties represent and warrant that they are authorized to enter into this Agreement, that it does not conflict with any contract, lease, instrument, or other obligation, that it represents their valid and binding obligation, enforceable in accordance with its terms, and that each Party has all legal power and authority to own and use its properties and to transact the business in which it engages or proposes to engage, and has all governmental authorizations necessary and required therefor.

**18. CONFIDENTIALITY.**

A Party shall hold, and shall cause its Non-Party Affiliates to hold, in confidence any information concerning the affairs of the other Party that it has reason to believe is reasonably considered by the other Party, or a Non-Party Affiliate of the other Party, to be confidential and shall not (except as required by law or regulatory authority, subject to available confidentiality protections) disclose, publish, or make use of such information without the consent of the other Party.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives, effective as of the \_\_\_\_ day of \_\_\_\_\_, 202~~6~~<sup>2</sup>.

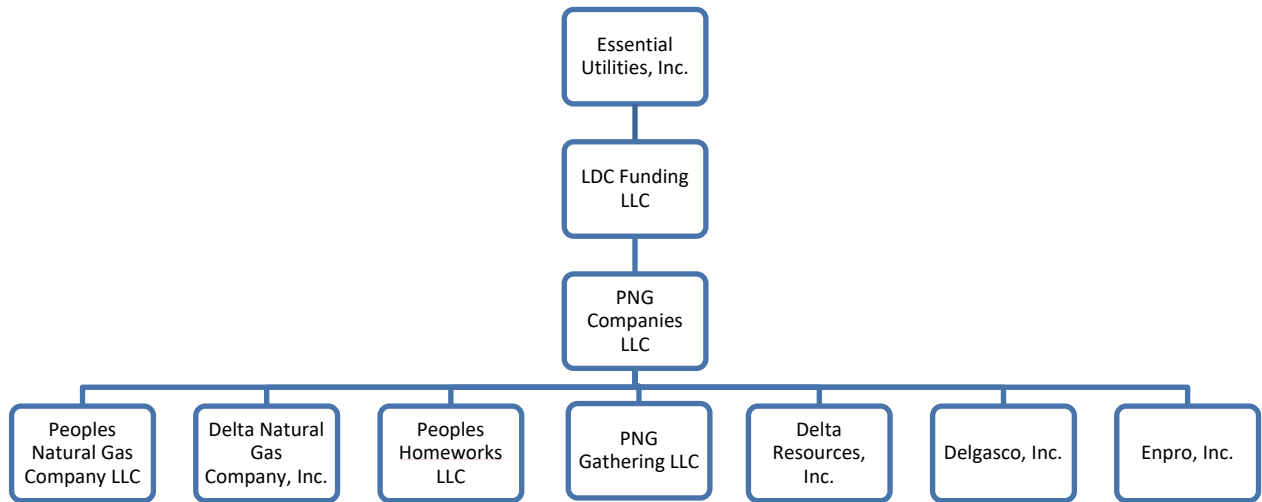
PNG Companies LLC

Peoples Natural Gas Company LLC

By: \_\_\_\_\_

By: \_\_\_\_\_

# EXHIBIT A



Removed:

Peoples Service Company LLC

Peoples Gas WV

Peoples Gas Company LLC

## **EXHIBIT B**

### **DESCRIPTION OF SERVICES AND ALLOCATION METHODOLOGIES**

This Exhibit provides a description of all products and services provided under the Service Agreement between Peoples Natural Gas Company LLC and PNG Companies LLC (“Agreement”) and the cost allocation methodologies to be used in connection therewith. As used herein, the term “Service Company” refers to the company providing services and the term “Client Company” refers to the company receiving services.

### **DESCRIPTIONS OF PRODUCTS AND SERVICES**

PNG Companies LLC (“PNG”) agrees to provide services to Peoples Natural Gas Company LLC (“Peoples ~~Natural~~”) at the request of Peoples ~~Natural~~. PNG shall act as counter-party to Peoples ~~Natural~~ where such services are provided by PNG’s Non-Party Affiliates to Peoples ~~Natural~~. All such services, as may be amended from time to time, shall be charged based upon the Direct Charge method where services are provided for capitalized projects, special project requested by a Client Company or where current allocations are not representative of current efforts. In all other instances the cost of services shall be allocated as identified in **Attachment 1**. PNG shall pass-through the charges for services rendered by PNG’s Non-Party Affiliates to Peoples ~~Natural~~ at cost without mark-up. PNG shall provide to Peoples Natural, upon request, proof of the costs of services.

All services set forth in **Attachment 1**, with the exception of services provided through Peoples’ ~~Natural’s~~ IT system investments which will remain at Peoples ~~Natural~~, will be provided by PNG. For services provided through Peoples’ ~~Natural’s~~ IT system investments, PNG shall act as counter-party to Peoples ~~Natural~~ where such services are provided by Peoples ~~Natural~~ to PNG’s Non-Party Affiliates. PNG shall pass-through the charges for services rendered by Peoples ~~Natural~~ to PNG’s Non-Party Affiliates at cost without mark-up. For simplicity of billing, Peoples ~~Natural~~ may directly bill Non-Party Affiliates for services rendered. Peoples ~~Natural~~ shall provide to PNG, upon request, proof of the costs of services.

### **COST OF SERVICES AND ALLOCATION METHODOLOGIES**

- I. The costs of services provided by Service Company will be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The costs of services provided by the Service Company that cannot be charged directly to the Client Company receiving the service will be allocated among the Client Companies by utilizing one of the methods described below that most accurately distributes the costs. The method of cost allocation varies based on the department rendering the Service.

- II. The costs of rendering service by Service Company will include all costs of doing business. Costs of doing business include, as applicable, wages and salaries of employees and related fringe benefit expenses (such as health care, life insurance, payroll taxes, pensions and other employee welfare expenses), equipment, tooling, materials, subcontract costs, overheads, cost of capital and taxes. The investment in IT systems to provide services will remain at Peoples' ~~Natural~~ and the associated costs will be charged to the Client Companies. The costs of such investment shall include depreciation, return on the investment and associated taxes. The rate of return used to calculate the return costs shall be based on the rate of return approved in Peoples' ~~Natural's~~ most recent base rate case. If a rate of return is not available in Peoples' ~~Natural's~~ rate case, the cost of capital used in Peoples' ~~Natural's~~ currently effective DSIC tariff will be used.
- A. Service Company will maintain a separate record of each department's costs of rendering services. The costs of services of each department will include:
1. those expenses that are directly attributable to such department, and
  2. an appropriate portion of those office and housekeeping expenses that are not directly attributable to a department but which are necessary to the operation of such department (excluding building rents and other facilities charges), which shall be allocated to the department in accordance with the allocation procedures set forth in Section VII.
- B. The costs of rendering services of a department will not include:
1. those incremental out-of-pocket expenses that are incurred for the direct benefit and convenience of an individual Client Company or group of Client Companies,
  2. Service Company overhead expenses that are attributable to maintaining the corporate existence of Service Company (including building rents and other facilities charges), and all other incidental overhead expenses including those auditing fees, internal auditing department expenses and accounting department expenses attributable to Service Company.
- C. Service Company will establish annual budgets for controlling the expenses of each department and for determining estimated costs to be included in interim monthly billing.
- III. The charges to a Client Company that are to be computed pursuant to the Direct Charge Method will be determined by multiplying the hours reported by employees in rendering such service by the hourly rates applicable to such employees. When such employees render service that is to be allocated as identified in **Attachment 1**, the charge to each Client Company will be determined by multiplying non-directly charged costs of the department by the ratio of the applicable allocation basis for the receiving company to the

total application basis for all parties to this agreement, allocation set forth in **Attachment 1**.

- IV. To the extent appropriate and practical, the foregoing computations of hourly rates and charges may be determined for groups of employees within reasonable salary range limits.
- V. Those expenses of the Service Company that are not included in the annual expense of a department under Section II. above will be charged to Client Companies receiving service as follows:
  - A. Incremental out-of-pocket costs incurred for the direct benefit and convenience of a Client Company will be charged directly to such Client Company. Such costs incurred for a group of Client Companies will be allocated on the basis of the appropriate formula set forth in Attachment 1.
  - B. Service Company overhead expenses referred to in Section II. above will be charged to the Client Company either on the proportion of direct charges to that Client Company or, if such allocation is not possible, under the allocation formulas set forth in Section VII. of this Exhibit.
- VI. Monthly bills will be issued for the Services rendered to the Client Company on an actual basis. However, if such actual information is not available at the time of preparation of the monthly bill, estimates may be used. Estimates will normally be predicated on service department budgets and estimated productive hours of employees for the year. At the end of each quarter, estimated figures will be revised and adjustments will be made in amounts billed to give effect to such revision.
- VII. The following tables describe the services and basis for allocation (by Service Department and Function) that shall be used to allocate the costs of services, which are not directly charged, to individual Client Companies. PNG may enter into other service agreements without modification of this **Exhibit B** and **Attachment 1** in accordance with Section 11 of the Agreement.

## EXHIBIT C

### **Non-Party Affiliates**

Delta Natural Gas Company, Inc. (~~Including former Peoples Gas KY LLC~~)

Essential Utilities, Inc.

LDC Funding, LLC

~~Peoples Gas Company~~

~~Peoples Gas WV LLC~~

Peoples Homeworks LLC

~~Peoples Service Company~~

PNG Gathering LLC

Essential Utilities Services, Inc.