

COMMONWEALTH OF PENNSYLVANIA



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February 4, 2026

**Via Electronic Filing**

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

Re: Pennsylvania Public Utility Commission  
v.  
National Fuel Gas Distribution  
Corporation  
Docket No. R-2025-3059428

Dear Secretary Homsher:

Attached for electronic filing, please find the Office of Consumer Advocate's Formal Complaint and Public Statement in this proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Joel H. Cheskis  
Joel H. Cheskis Esq.  
Senior Assistant Consumer Advocate  
PA Attorney I.D. # 81617  
JCheskis@paoca.org

Enclosures

cc: The Honorable Charles E. Rainey, Jr. (email only: crainey@pa.gov)  
Office of Special Assistants (email only: ra-OSA@pa.gov)  
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Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket No. R-2025-3059428  
 :  
 National Fuel Gas Distribution Corporation :  
 :

I hereby certify that I have this day filed electronically on the Commission’s electronic filing system and served a true copy of the following document, the Office of Consumer Advocate’s Formal Complaint and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 4th day of February, 2026

SERVICE BY E-MAIL ONLY

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Dated: February 4, 2026

/s/ Joel H. Cheskis  
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Darryl A. Lawrence  
Consumer Advocate

# PENNSYLVANIA PUBLIC UTILITY COMMISSION

## FORMAL COMPLAINT

### 1. COMPLAINANT INFORMATION

Darryl Lawrence, Consumer Advocate

555 Walnut Street, 5th Floor, Forum Place  
Harrisburg, PA 17101-1923

Phone: 717-783-5048

### 2. FULL NAME OF UTILITY COMPANY:

National Fuel Gas Distribution Corporation  
Docket No. R-2025-3059428

### 3. TYPE OF UTILITY:

Natural Gas

### 4. COMPLAINT:

- A. On January 28, 2026, National Fuel Gas Distribution Corporation (NFG or the Company) filed Supplement No. 294 to National Fuel Gas Distribution Corporation Gas Tariff – PA P.U.C No. 9 to become effective March 29, 2026. A full suspension by the Public Utility Commission (Commission) would delay the increase until October 29, 2026. Through this filing, NFG requests that the Commission approve a general distribution rate increase to its natural gas rates pursuant to Sections 1308 and 1330 of the Public Utility Code. 66 Pa. C.S. §§ 1308, 1330. NFG's proposed tariff would increase the Company's total annual operating revenues by \$19.68 million, or 7.41% overall, based on a fully projected future test year (FPFTY) ending October 31, 2027.
- B. As of September 30, 2025, NFG serves approximately 213,407 total customers, with approximately 196,600 residential customers and 16,800 commercial and industrial customers located in parts of 14 counties in northwest Pennsylvania.
- C. NFG furnishes natural gas in portions of Armstrong, Butler, Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Forest, Jefferson, McKean, Mercer, Venango, and Warren counties.

- D.** According to NFG’s filing, the total bill for a residential natural gas customer using an average of 80 cubic feet (CCF) per month would increase from \$83.49 to \$88.44 per month or by \$4.95 or 5.9%.
- E.** The OCA is investigating the basis for, and calculation of, estimated bill increases and decreases to ensure that they are consistent with applicable standards and will produce just and reasonable rates.
- F.** The proposed rate changes noted above do not reflect the changes that will be experienced by all customers; rather they only reflect changes for customers using what NFG has asserted is the “typical” usage for residential customers. In the OCA’s experience, the increases reflected above (and on the notices sent to customers) often underestimate the impact of the rate increase for many customers.
- G.** NFG is proposing to increase the natural gas customer charge, which is a charge a customer pays no matter how little or how much natural gas they consume, by \$5.00, from \$14.00 to \$19.00 or by 35.7%. NFG asserts that this amount is justified because the Company’s calculations support a customer charge of \$27 and the increase would be its second increase to the basic service charge in nearly 20 years.
- H.** Of the total proposed natural gas revenue increase, the Company is proposing to allocate approximately \$15,403,535 million, or 78.3% of the proposed increase, to the residential customer class.
- I.** For ratemaking purposes, NFG proposes a return on equity of 11.25% resulting in an overall rate of return of 8.78%. The request for an 11.25% return on equity includes NFG’s request for a 25 basis point adder in recognition of its claimed good management. The Company also proposes to utilize an equity rich capital ratio of 56.4% common equity and 43.6% debt for ratemaking purposes.
- J.** The Company states that its proposal is driven by several factors, including allowing for a fair return on investments, supporting its infrastructure replacement programs, addressing increasing levels of operating costs, including its net labor costs, and to mitigate the adverse impacts of warmer weather trends on customer usage by making its pilot Weather Normalization Adjustment a permanent part of its rates.
- K.** The Company also proposes a pass back to customers as a result of over collecting other post-employment benefits (OPEB) expenses in the amount of \$7 million, which would include issuing a one-time \$30 credit to low-income customers and an additional surcredit to all customer bills over a one-year period.
- L.** The proposed rates of return appear to be excessive and, if accepted, would result in rates that are unjust and unreasonable in violation of Chapter 13 of the

Pennsylvania Public Utility Code, 66 Pa. C.S. Section 1301, *et seq.*, sound ratemaking principles, and public policy. The proposed capital structure is also likely to be found to be excessive and, if adopted, would result in rates that are unjust and unreasonable in violation of Chapter 13 of the Pennsylvania Public Utility Code, 66 Pa. C.S. Section 1301, *et seq.*, sound ratemaking principles, and public policy.

- M.** As part of its general rate increase request, NFG used the straight-line remaining life method of depreciation, and utilized the average service life procedure for plant installed prior to 1982 and the equal life group procedure for 1982 and subsequent vintages.
- N.** The Company proposes making permanent its pilot Weather Normalization Adjustment (WNA) tariff rider, currently set to expire October 2028. The WNA normalizes weather sensitive usage by customers between October and May by charging customers between these months when it is warmer than normal, and credits customers when it is colder than normal on a service rendered basis. NFG is also proposing to utilize a 10-year weather history to establish its Normal Heating Degree Days instead of the 15-year weather history utilized in its last rate case.
- O.** In addition, NFG proposes to implement an Energy Efficiency (EE) pilot program that would last for five years, beginning in October 2026. The program would offer residential customers rebate incentives to install high-efficiency furnaces, boilers, water heaters and ENERGY STAR® certified natural gas clothes dryers in place of standard equipment. NFG estimates that the pilot program would cost a total of \$3,543,630, starting at \$736,726 for Fiscal Year 2027, and ending at \$686,726 for Fiscal Year 2031. NFG proposes collecting the cost from residential customers on an annual basis through a reconcilable rider separate from typical rates. NFG anticipates the program would provide a combined annual savings of \$99,460 for all program participants.
- P.** A preliminary examination of NFG's general rate increase request indicates that the rates requested, including specific elements of its request, for example, but not limited to, the inclusion of certain plant in rate base, expense claims, rate of return, revenue allocation, proposed customer charges, and proposed rate design, may not be just and reasonable and otherwise may be in violation of the law.
- Q.** Whether rates are just and reasonable is inextricably intertwined with the quality of service provided. *Nat'l Utils. v. Pa. PUC*, 709 A.2d 972, 973 (Pa. Cmwlth. 1998). Therefore, all issues pertaining to the adequacy and reasonableness of a utility's service and facilities are relevant to whether a utility's existing or proposed rates are just and reasonable. 66 Pa. C.S. §§ 1301, 1501.

- R. The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission, pursuant to Act 161 of the General Assembly, as amended, 71 P.S. Sections 309-1, *et seq.*
- S. In reaching a decision on whether to grant NFG’s rate increase as well as its various rule and tariff changes, the Public Utility Commission must give “due consideration to the interests of consumers.” 71 Pa. Stat. Ann. §309-5(2).
- T. A preliminary examination of NFG’s filed Supplement No. 294 to National Fuel Gas Distribution Corporation Gas Tariff – PA P.U.C No. 9 and request for a general rate increase indicates that:
  - 1. The proposed changes and increase in rates, proposed rate schedule modifications and transfers, and proposed changes in rate policy, rules and regulations contained in the proposed Tariff may be unjust, unreasonable, in violation of the law and may produce an excessive return on investment in violation of the Public Utility Code, 66 Pa. C.S. Section 1301, *et seq.*
  - 2. The proposed tariff changes and proposed rate structure and rate design may be unlawfully discriminatory, in violation of the Public Utility Code, 66 Pa. C.S. Sections 1301 and 1304, *et seq.*, and are otherwise contrary to sound ratemaking principles and public policy.
  - 3. NFG’s existing rates, rules, and regulations may not be just and reasonable or otherwise proper under the Public Utility Code and applicable ratemaking principles. 66 Pa. C.S. § 1301 *et seq.*
  - 4. The character of service and facilities furnished and maintained by NFG may not be adequate, efficient, safe, reasonable, reasonably continuous, or without unreasonable interruptions or delay, in violation of Section 1501 of the Public Utility Code. 66 Pa. C.S. § 1501. The character of service and facilities may not be in conformity with Commission regulations or orders. 66 Pa. C.S. § 1501. Additionally, NFG may have failed to make all such repairs, changes, alterations, substitutions, extensions, and improvements in or to such service and facilities as shall be necessary or proper for the accommodation, convenience, and safety of its patrons, employees, and the public. 66 Pa. C.S. § 1501.
- U. The Consumer Advocate files this Complaint to ensure that the Commission will fully and fairly adjudicate issues pertaining to whether NFG’s (1) existing and proposed rates are just, reasonable, and are not unduly discriminatory or otherwise unlawful, and (2) service and facilities are adequate, efficient, safe, reasonable, reasonably continuous, without unreasonable interruptions or delay, and in conformity with Commission regulations and orders.

**5. RELIEF**

The Consumer Advocate respectfully requests that the Commission take the following actions:

- A.** Suspend and investigate the operation of the proposed tariff supplements, NFG Supplement No. 294 to National Fuel Gas Distribution Corporation Gas Tariff – PA P.U.C No. 9 pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. Section 1308(d);
- B.** Enter a suspension order at the next scheduled Public Meeting following the date of this Complaint, which is February 19, 2026, in order to expedite this matter being assigned to the Office of Administrative Law Judge, which would allow the commencement of necessary procedural steps for purposes of developing a reasonable procedural schedule in which the parties may litigate;
- C.** Direct the Office of Administrative Law Judge to use the October 22, 2026 Public Meeting as the deadline for a final Commission determination in this matter and for purposes of setting a deadline for a Recommended Decision and developing a litigation schedule in this matter;
- D.** Consolidate all complaints filed against the proposed general rate increase request;
- E.** Ensure that NFG has provided appropriate and adequate notice in accordance with the Public Utility Code and the Commission’s Regulations;
- F.** Hold full evidentiary hearings examining the reasonableness of utility’s current and proposed rates and its proposed increases;
- G.** After providing the public with adequate notice, and as early in the proceeding as possible, hold in-person public input hearings in NFG’s service territory, as well as by telephone or virtually, in order to provide customers with an opportunity to be heard on the record;
- H.** Deny the inclusion into rate base of any plant that is not reasonably projected to be used and useful within the fully projected future test year, deny any charges or changes contained in the proposal which would result in unjust and unreasonable rates, or cannot be fully justified by the Company, or otherwise are contrary to the Public Utility Code, sound ratemaking principles, and public policy; and
- I.** Deny the proposed changes and increase in rates, proposed rate schedule modifications and transfers, proposed changes in rate policy or pilot programs, and proposed changes in rules and regulations contained in the proposed Tariff where the Commission finds they are not just and reasonable, unreasonably discriminatory, contrary to sound ratemaking principles, or inconsistent with or in violation of Commission regulations or orders. 66 Pa. C.S. §§ 1301, 1304.

- J. After reasonable notice, as raised by consumer testimony in public input hearings or a party's written direct or supplemental direct testimony, and after hearing of the same, make findings as to whether the service or facilities of any public utility are unreasonable, unsafe, inadequate, insufficient, or unreasonably discriminatory, or otherwise in violation of the Public Utility Code. 66 Pa. C.S. § 1505(a).
- K. Consider, in addition to all other relevant evidence of record, the efficiency, effectiveness and adequacy of service of each utility when determining just and reasonable rates. 66 Pa. C.S. § 523. On the basis of the Commission's consideration of such evidence, give effect to it by making such adjustments to specific components of the utility's claimed cost of service as it may determine to be proper and appropriate, on the basis of specific findings upon evidence of record, which findings shall be set forth explicitly, together with their underlying rationale, in the final order of the Commission. 66 Pa. C.S. § 523.
- L. Reject, in whole or in part, a public utility's request to increase its rates where the Commission concludes, after hearing, that the service rendered by the public utility is inadequate in that it fails to meet quantity or quality for the type of service provided. 66 Pa. C.S. § 526.
- M. Where the Commission finds that service or facilities of the public utility are unreasonable, unsafe, inadequate, insufficient, or unreasonably discriminatory, or otherwise in violation of the Public Utility Code, determine and prescribe, by regulation or order, the reasonable, safe, adequate, sufficient, service or facilities to be observed, furnished, enforced, or employed, including all such repairs, changes, alterations, extensions, substitutions, or improvements in facilities as shall be reasonably necessary and proper for the safety, accommodation, and convenience of the public. 66 Pa. C.S. § 1505(a).
- N. Grant such other relief that the Commission may deem appropriate.

**6. VERIFICATION AND SIGNATURE**

*I, Darryl Lawrence, 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).*

*/s/Darryl A. Lawrence*  
 \_\_\_\_\_  
**Signature**

*2/4/2026*  
 \_\_\_\_\_  
**Date**

**7. Legal Representation**

Harrison Breitman, Senior Assistant Consumer Advocate, PA Bar No. 320580

Joel Cheskis, Senior Assistant Consumer Advocate, PA Bar No. 81617

Ryan Morden, Assistant Consumer Advocate, PA Bar No. 335679

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**PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE  
PURSUANT TO 71 P.S. SECTION 309-4(e)**

Act 161 of the Pennsylvania General Assembly, 71 Pa. C.S. Section 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Consumer Advocate determined to file a Formal Complaint and participate in the proceedings before the Commission involving the proposed general rate increase by National Fuel Gas Distribution Corporation (NFG or the Company).

On January 28, 2026, NFG filed a general rate increase request seeking the Commission's approval to increase its overall operating revenue by \$19.68 million, or 7.41% over the amount of annual revenues at present rates. Under NFG's proposal, the total average monthly bill of a NFG residential customer using 80 cubic feet (CCF) per month would increase from \$83.49 to \$88.44 per month or by 5.9%.

NFG serves approximately 196,600 residential and 16,800 commercial and industrial natural gas customers in portions of 14 counties in northwest Pennsylvania including Armstrong, Butler, Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Forest, Jefferson, McKean, Mercer, Venango, and Warren counties.

The objective of the Consumer Advocate in filing this complaint is to protect the interests of Company's customers in paying just and reasonable rates and receiving adequate, efficient, safe, and reasonable utility service.

First, the Consumer Advocate will seek to ensure that the Company is permitted to implement only rates that are fully substantiated, just and reasonable, not unduly discriminatory, and otherwise consistent with the Public Utility Code, Commission regulations and orders, case law, and sound ratemaking principles. The Consumer Advocate submits that the Company's

existing rates and its proposed rates may be unjust and unreasonable and other otherwise unlawful based upon information filed by the Company in support of its ratemaking claims and overall general rate increase request. 66 Pa. C.S. §§ 1301, 1304.

Additionally, the Consumer Advocate will seek to ensure that the character of utility service and facilities furnished and maintained by the Company are adequate, efficient, safe, reasonable, reasonably continuous, without unreasonable interruptions or delay, and in conformity with Commission regulations or orders. 66 Pa. C.S. § 1501. Where service or facilities are found to be inadequate, the Consumer Advocate will seek to ensure that the Commission consider such findings in granting or denying the requested rate relief, in whole or in part, and in determining and prescribing the character of service or facilities to be furnished or maintained by the Company. 66 Pa. C.S. §§ 523, 526, 1505(a).