

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
BUREAU OF AUDITS**



**REPORT ON  
RIEMER NATURAL GAS LLC**

**STATEMENTS OF GAS COST RATE  
FOR THE 12-MONTH PERIODS ENDED  
AUGUST 31, 2024, AUGUST 31, 2023,  
AND AUGUST 31, 2022**

**JANUARY 28, 2026  
DOCKET NO. D-2025-3056046**

**PA PUC BUREAU OF AUDITS  
DOCKET NO. D-2025-3056046**

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**Background**

Riemer Natural Gas LLC (Riemer or Company) is a small natural gas utility headquartered in Butler, Pennsylvania. The company provides service to 650 customers in Butler County. According to annual reports filed with the Pennsylvania Public Utility Commission (PUC or Commission) for the years 2023, 2022, and 2021, Riemer's total revenues were \$801,067; \$907,901; and \$913,095; respectively.

Riemer purchases the majority of its natural gas supply from its affiliate, SME Well Services, LLC (SME). The Company also purchases supply from an unaffiliated supplier of last resort, Peoples. The affiliated interest agreement with SME, which outlines the terms of the purchase of natural gas by Riemer from SME is at Docket No. G-2017-2602166.



## Independent Auditor's Report to the Pennsylvania Public Utility Commission

### Opinion

We have audited Riemer Natural Gas LLC's Statements of Gas Cost Rate Over/Under Collections for the 12-month periods ended August 31, 2024, August 31, 2023, and August 31, 2022.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Riemer Natural Gas LLC's Statements of Gas Cost Rate Over/Under Collections for the 12-month periods ended August 31, 2024, August 31, 2023, and August 31, 2022 and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America and the requirements of the Pennsylvania Public Utility Commission.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the **Auditor's Responsibilities for the Audit of the Financial Statements** section of our report. We are required to be independent of Riemer Natural Gas LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

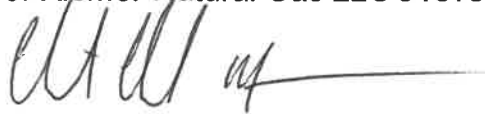
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Riemer Natural Gas LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Riemer Natural Gas LLC's ability to continue as a going concern for a reasonable period of time.

The auditor is required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that the auditor identified during the audit.

### **Report on Other Legal and Regulatory Requirements**

The accompanying statements were prepared for the purpose of complying with the rules and regulations of the Pennsylvania Public Utility Commission and are not intended to be a complete presentation of Riemer Natural Gas LLC's revenue and expenses.



Chris Yother, CPA  
Director  
Bureau of Audits  
Harrisburg, PA  
January 28, 2026

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**Gas Cost Rate<sup>1</sup> (GCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended August 31, 2024<sup>2</sup>**

<u>Month</u>	<u>GCR Revenue</u> (1)	<u>Cost of Fuel</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
September 2023	\$ 2,363	\$ 1,538	\$ 825
October	11,074	6,291	4,782
November	15,739	7,482	8,256
December	41,019	19,080	21,939
January 2024	47,593	22,077	25,516
February	77,946	69,496	8,450
March	54,580	49,725	4,855
April	38,642	35,254	3,388
May	30,026	24,921	5,105
June	8,979	7,505	1,475
July	9,114	7,605	1,509
August	5,464	4,973	491
<b>Total</b>	<u><u>\$ 342,538</u></u>	<u><u>\$ 255,947</u></u>	<u><u>\$ 86,591</u></u>

<sup>1</sup> As reported to the Commission at Docket No. M-2024-3051417. Arithmetic differences are due to rounding.

<sup>2</sup> Notes to the Financial Statements are an integral part of this report.

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**Gas Cost Rate<sup>3</sup> (GCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended August 31, 2023<sup>4</sup>**

<u>Month</u>	<u>GCR Revenue</u> (1)	<u>Cost of Fuel</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
September 2022	\$ 8,742	\$ 12,642	\$ (3,899)
October	11,686	17,095	(5,409)
November	25,816	31,289	(5,473)
December	62,331	75,533	(13,202)
January 2023	89,991	109,157	(19,166)
February	84,680	90,759	(6,079)
March	64,780	69,835	(5,055)
April	72,512	77,850	(5,338)
May	34,229	20,910	13,319
June	25,249	13,933	11,317
July	25,144	14,331	10,813
August	<u>2,478</u>	<u>1,679</u>	<u>799</u>
Total	<u>\$ 507,639</u>	<u>\$ 535,014</u>	<u>\$ (27,374)</u>

<sup>3</sup> As reported to the Commission at Docket No. M-2023-3043289. Arithmetic differences are due to rounding.

<sup>4</sup> Notes to the Financial Statements are an integral part of this report.

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**Gas Cost Rate<sup>5</sup> (GCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended August 31, 2022<sup>6</sup>**

<u>Month</u>	<u>GCR Revenue</u> (1)	<u>Cost of Fuel</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
September 2021	\$ 8,031	\$ 6,954	\$ 1,077
October	8,896	7,649	1,248
November	12,376	14,152	(1,777)
December	55,207	62,284	(7,077)
January 2022	54,842	61,959	(7,116)
February	92,382	101,694	(9,312)
March	70,828	77,953	(7,126)
April	64,235	66,246	(2,011)
May	38,833	40,323	(1,490)
June	18,278	16,976	1,303
July	8,393	7,797	597
August	<u>8,504</u>	<u>12,824</u>	<u>(4,320)</u>
Total	<u>\$ 440,806</u>	<u>\$ 476,811</u>	<u>\$ (36,005)</u>

<sup>5</sup> As reported to the Commission at Docket No. M-2022-3035774. Arithmetic differences are due to rounding.

<sup>6</sup> Notes to the Financial Statements are an integral part of this report.

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**Notes to the Financial Statements**

**1 - Statements**

The Gas Cost Rate (GCR) Over/(Under) Collections presented in this report are condensed from the officially filed statements. The audit was conducted on Riemer's officially filed 1307(e) statements submitted to the PUC in accordance with Section 1307(e)(1) of the Public Utility Code on September 27, 2024, September 27, 2023, and September 30, 2022. The statements are available on the PUC's website (<http://www.puc.pa.gov>) at Docket Nos. M-2024-3051417, M-2023-3043289, and M-2022-3035774.

**2 - GCR Revenue**

GCR Revenue is calculated by multiplying the sales volumes billed by the GCR rate, excluding the E-Factor.

**3 - Cost of Fuel**

Cost of Fuel is the cost of gas purchased for the period.

**4 - Over/(Under) Collections**

The Over/(Under) Collection is the difference between the GCR Revenue and the Cost of Fuel. The resulting amount represents the portion of GCR Revenue refundable to or GCR Costs recoverable from customers through subsequent GCR rates. Differences arise for two primary reasons:

- Variations between the actual volumes billed to customers and the estimates used to determine the GCR; and,
- Variations between actual GCR Costs incurred and the estimates used to determine the GCR rate.

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**Disposition of Prior Audit Findings**

Our previous audit of Riemer Natural Gas LLC at Docket No. D-2022-3030260, for the years ended August 31, 2021, August 31, 2020, August 31, 2019, August 31, 2018, and August 31, 2017 disclosed the following findings:

**Finding No. 1 – Riemer overstated the cost of affiliated purchases by \$72,063 for the period April 2018 through August 2021.**

**Recommendations:**

We recommended that Riemer make an adjustment to refund its customers \$72,063 plus applicable interest through the E-Factor of its next GCR filing. We further recommended that Riemer implement procedures to ensure consistent and accurate pricing of gas purchased from its affiliate.

**Disposition:**

Riemer refunded \$72,063 plus \$11,689 in interest to its customers through its GCR effective November 1, 2023 at Docket No. M-2023-3042521. The Company also implemented new procedures to ensure consistent and accurate pricing of gas purchased from its affiliate.

**Finding No. 2 – Riemer could not provide sufficient proof of payment for gas purchased from its affiliate.**

**Recommendations:**

We recommended that Riemer comply with PUC regulations and use GCR revenue only to pay for gas purchased. We further recommended that Riemer properly account for its transactions with SME, determine the amount owed for gas purchased, and recognize the liability on its financial statements.

**Disposition:**

Riemer is using GCR revenue only to pay for gas purchased from suppliers and is properly accounting for its transactions with SME on its financial statements.

**Finding No. 3 – Riemer recovered \$19,624 for sales tax on gas purchases.**

**Recommendation:**

We recommended that Riemer make an adjustment to refund its customers \$19,624 plus applicable interest through the E-Factor of its next GCR filing.

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**Disposition of Prior Audit Findings (Continued)**

**Disposition:**

Riemer refunded \$19,624 plus \$5,076 in interest to its customers through the GCR effective November 1, 2023 at Docket No. M-2023-3042521.

**Finding No. 4 – Riemer applied an incorrect GCR starting November 1, 2021.**

**Recommendation:**

We recommended that Riemer calculate the amount overbilled for each customer and make the appropriate adjustment to each customer's account.

**Disposition:**

Riemer calculated the amount overbilled for each customer and made the appropriate adjustment to each customer's account during the period May 1, 2022 through September 1, 2022.

**Finding No. 5 – Riemer improperly adjusted a customer's bill.**

**Recommendation:**

We recommended that Riemer only make a bill adjustment when it is warranted.

**Disposition:**

Riemer does not give "customer satisfaction credits" anymore. In the case of an incorrect bill (due to an incorrect meter read, for example), Riemer now adjusts the bill.

**Finding No. 6 – Riemer overstated GCR revenue by \$975 for December 2020.**

**Recommendations:**

We recommended that Riemer recoup \$975 from its customers through an adjustment to the E-Factor of its next GCR filing. We also recommended that Riemer develop controls to prevent and detect data entry errors in the future.

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**Disposition of Prior Audit Findings (Continued)**

**Disposition:**

Riemer recouped \$975 from its customers through the GCR effective November 1, 2023 at Docket No. M-2023-3042521. Riemer switched to a new billing system in May 2022. This system notifies the company of potential errors.

**Finding No. 7 – Riemer inconsistently rounds or truncates meter reads.**

**Recommendations:**

We recommended that Riemer develop written procedures to document their billing methodology and apply it consistently.

**Disposition:**

Riemer has developed written procedures that document their billing methodology, which has been applied consistently.

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**Current Audit Findings**

**Finding No. 1 – Riemer understated sales in June 2024 and March 2023.**

Riemer reported GCR revenue of \$8,979 in June 2024 and \$64,780 in March 2023, for a total of \$73,759<sup>1</sup>. Based on sales detail and Company response, total GCR revenue was \$9,207 for June 2024 and \$74,701 for March 2023, for a total of \$83,908<sup>2</sup>. The difference between the reported GCR revenue and the sales detail equals \$10,149<sup>3</sup>. These misstatements were due to clerical errors.

**Recommendation:**

We recommend that Riemer make an adjustment to refund its customers \$10,149 plus applicable interest through the E-Factor of its next GCR filing. We further recommend that the Company institute appropriately designed and effectively functioning controls to prevent, detect, and correct errors related to GCR revenue.

**Finding No. 2 – Riemer recovered \$3,365 for sales tax on gas purchases.**

Riemer purchases gas for resale from another local utility. Riemer was incorrectly billed Pennsylvania sales tax on its purchases, as gas purchased for resale is exempt from sales tax. The sales tax billed totaled \$3,365 for the period September 2021 through March 2022.

**Recommendation:**

We recommend that Riemer make an adjustment to refund its customers \$3,365 plus applicable interest through the E-Factor of its next GCR filing. We further recommend that the Company institute appropriately designed and effectively functioning controls to prevent, detect, and correct errors related to GCR expenses.

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<sup>1</sup> \$8,979 + \$64,780 = \$73,759

<sup>2</sup> \$9,207 + \$74,701 = \$83,908

<sup>3</sup> \$83,908 - \$73,759 = \$10,149