



February 26, 2026

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 17120

**RE: Docket No. P-2022-3034957 – National Fuel Gas Distribution Corporation
Long-Term Infrastructure Improvement Plan**

Dear Secretary Chiavetta:

National Fuel Gas Distribution Corporation hereby submits its *2025 Annual Asset Optimization Plan* in the above-referenced docket.

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Randy C. Rucinski

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Chief Regulatory Counsel
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Enclosure

cc: Paul Diskin, Bureau of Technical Utility Services (pdiskin@pa.gov)
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).

VIA E-MAIL ONLY

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Date: February 26, 2026

Monika Duszenko

Monika M. Duszenko



*National Fuel Gas
Distribution
Corporation*

2025 Annual Asset Optimization Plan

Docket No. P-2022-3034957

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I. Introduction/Background

As a precondition to establishing a Distribution Service Improvement Charge (DSIC), each utility must file and maintain a Long-Term Infrastructure Improvement Plan (LTIIP) with the Pennsylvania Public Utility Commission (Commission or PUC) that is consistent with the provisions of § 1352 (66 Pa. C.S. § 1352(a)) and 52 Pa. Code § 121.1 *et seq.* On September 2, 2022, National Fuel Gas Distribution Corporation (National Fuel or Company) filed its *Petition of National Fuel Gas Distribution Corporation for Approval of a Long-Term Infrastructure Improvement Plan* for the period January 1, 2023 through December 31, 2027. The Company's LTIIP was approved by the Commission on December 22, 2022 (LTIIP Order). In its LTIIP Order, the Commission directed that "until such time as the [Company] has an approved [DSIC] and is required to file an annual asset optimization plan, the [Company] shall file with the Commission on an annual basis a report containing information identical to that which is required in an annual asset optimization plan."¹ National Fuel filed its 2023 *Long-Term Infrastructure Improvement Plan Annual Report* on February 23, 2024.²

On April 10, 2024, National Fuel filed a petition to establish and implement a DSIC pursuant to 66 Pa. C.S. § 1353 and the *Implementation Act 11 of 2012*, Order at Docket No. M-2012-2293611 (August 2, 2012) (DSIC Petition). In an Opinion and Order dated

¹ LTIIP Order, p. 22.

² On December 11, 2025, due to an increase in the total estimated cost of the LTIIP greater than 20%, National Fuel filed a *Petition for Approval of a Major Modification to its Existing Long-Term Infrastructure Improvement Plan* in this docket (Amended LTIIP). This filing remains pending with the Commission.

December 5, 2024, the Commission approved the Company's DSIC Petition a modified by the Order (DSIC Order). Consistent with the DSC and LTIP Orders, and 52 Pa. Code § 121.6, National Fuel files the instant 2025 Annual Asset Optimization Plan (AAOP).³

II. National Fuel Gas Distribution Corporation's 2025 Annual Asset Optimization Plan (AAOP)

In accordance with requirements set forth in 52 Pa. Code § 121.6, a utility with an approved DSIC shall file with the Commission, for informational purposes, an AAOP.

The AAOP must include:

- A. A description that specifies all the eligible property repaired, improved and replaced in the prior 12-month period under its LTIP and prior year's AAOP.
 - B. A description of the eligible property to be repaired, improved and replaced in the upcoming 12-month period.
- A. A description that specifies all the eligible property repaired, improved and replaced in the prior 12-month period under its LTIP and prior year's AAOP.**

National Fuel's distribution projects throughout 2025 resulted in the repair, improvement, or replacement of 52.3 miles of DSIC eligible pipeline, 2,732 service lines, and 62 M&R stations throughout its Pennsylvania service territory. The 52.3 miles of DSIC eligible pipeline replaced in 2025 were comprised of 46.6 miles of Distribution Main and 5.7 miles of High-Pressure Distribution and Transmission Main, with the total miles of replaced Distribution and Transmission main exceeding the projections in the Company's Amended LTIP.

³ In the DSIC Order, the Company was instructed to track and provide the actual number of jobs created for specific replacement projects with its revised initial DSIC tariff. This number is 59, which includes 4 National Fuel employees, and 55 National Fuel approved contractor employees.

National Fuel’s projected spending for 2025 was adjusted from \$38.7 in its original LTIIIP to \$43.8MM in its Amended LTIIIP due to higher than originally budgeted leak prone pipe (LPP) replacement cost per mile. Actual spending for 2025 was \$43.8MM resulting in a variance of approximately 0%. See **Table 1** for a detailed summary of National Fuel’s DSIC eligible replacements and expenditures in 2025.

Table 1: 2025 Projected vs. 2025 Actual Infrastructure and Expenditures

Description	2025 Projected	2025 Actual
Infrastructure Repaired, Improved, and Replaced		
Distribution Main (miles)	46	46.6
HP Distribution / Transmission Main (miles)	5	5.7
Total Replacement Mileage	51	52.3
Service Lines*	-	2,732
Meter and Regulator Stations*	-	62
Expenditures		
Production Plant	\$0.1	\$0.1
Transmission Plant	\$10.9	\$10.9
Distribution Plant	\$32.4	\$32.4
General Plant	\$0.4	\$0.4
Total	\$43.8	\$43.8

*National Fuel does not project asset optimization for service lines or meter and regulator stations, however the 2025 Actual numbers can be found in Table 1 above.

B. A description of the eligible property to be repaired, improved and replaced in the upcoming 12-month period.

National Fuel’s projected 2026 DSIC eligible pipeline replacements and budgeted expenditures were 54 miles and \$39.1MM respectively in its original LTIIIP filing. However, due to higher forecasted spending for Distribution and Transmission LPP projects, the 2026 budget projection has been updated in the Company’s Amended LTIIIP to \$57.4MM. This adjustment is due to increased restoration costs, material costs, contractor costs, permitting costs, and overall inflationary increases. See **Table 2** below

for a description of National Fuel’s proposed DSIC eligible replacements and expenditures for 2026.

Table 2: 2026 Projected Infrastructure and Expenditures

Description	2026 Projected
Infrastructure Repaired, Improved, and Replaced	
Distribution Main (miles)	50
HP Distribution / Transmission Main (miles)	4
Total Replacement Mileage	54
Service Lines**	-
Meter and Regulator Stations**	-
Expenditures	
Production Plant	\$0.4
Transmission Plant	\$13.2
Distribution Plant	\$43.4
General Plant	\$0.4
Total	\$57.4

** National Fuel does not project asset optimization for service lines or meter and regulator stations, however the 2026 Actual numbers will be reported in National Fuel’s 2026 Annual Report.