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**BEFORE THE PENNSYLVANIA PUBLIC UTILITY
COMMISSION**

Peoples Natural Gas Company LLC

Docket No. R-2026-3060855

Volume VIII

**Direct Testimony
Statement Nos. 1 through 14**

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PEOPLES NATURAL GAS COMPANY
LLC

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Docket No. R-2026-3060855

**PREPARED DIRECT TESTIMONY OF
MICHAEL HUWAR, PRESIDENT
PEOPLES NATURAL GAS COMPANY LLC**

DATE SERVED: March 27, 2026
DATE ADMITTED: _____

Peoples Statement No. 1

**PREPARED DIRECT TESTIMONY
OF MICHAEL HUWAR**

I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Michael Huwar. My business address is Peoples Natural Gas Company LLC,
3 375 North Shore Drive, Suite 600, Pittsburgh, Pennsylvania 15212.

4
5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Peoples Natural Gas Company LLC (“Peoples,” or the “Company”) as
7 President. I am also the President of Peoples’ direct parent, PNG Companies LLC (“PNG”).

8
9 **Q. PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.**

10 A. I hold an undergraduate degree from the University of Pittsburgh. I am the corporate officer
11 responsible for Peoples and its various departments including but not limited to Operations,
12 Construction, Pipeline Safety and Compliance, Damage Prevention, Sales, Customer
13 Service and Community Relations. Prior to my time at Peoples, I held various positions
14 with Columbia Gas of Pennsylvania, Inc. (“Columbia”) and its parent company, NiSource
15 Inc. from 1986 through 2020, including President and Chief Operating Officer of Columbia
16 Gas of Pennsylvania, Inc. and Columbia Gas of Maryland, Inc. While at
17 Columbia/NiSource, I also served as Vice President and General Manager, Operations
18 Manager for Columbia Gas of Virginia, Inc., Vice President of Sales, Vice President of
19 Products and Services, and Director of Large Customer Relations. From 2015 through
20 2017, I served as Vice President of Marketing for Columbia Midstream, a subsidiary of
21 Columbia Pipeline Group and TransCanada/TC Energy.

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Q. WHAT ARE YOUR CURRENT JOB RESPONSIBILITIES WITH PEOPLES?

A. As President, I have the overall responsibility of leading the business and establishing the strategic plan for Peoples. My principal role is setting and executing on Peoples strategic goals which prioritize the operation and maintenance of a safe and reliable natural gas distribution system from which we serve our customers and communities.

Safety and reliability are the top priorities at Peoples, and as such, I oversee the modernization of Peoples’ infrastructure to maintain the overall safety and integrity of our natural gas delivery system. From that system, we meet the natural gas distribution needs of our customers in 18 counties in southwestern Pennsylvania.

Q. HAVE YOU TESTIFIED PREVIOUSLY IN ANY REGULATORY PROCEEDING?

A. Yes. I submitted testimony in Peoples’ most recent base rate proceeding at Docket No. R-2023-3044549. I also submitted testimony in the proceeding that merged Peoples Gas Company LLC (formerly T.W. Phillips) into Peoples at Docket Nos. A-2021-3029831 and A-2021-3029833. This merger of the two gas distribution companies was approved by the Pennsylvania Public Utility Commission (“Commission”) on August 25, 2022. While at Columbia, I submitted testimony in support of its base rate proceedings before the Commission as Docket Nos. R-2018-2647577 and R-2020-3018835.

Q. WHAT IS THE COMPANY’S REQUEST IN THIS PROCEEDING?

1 A. Peoples is requesting an increase in its annual base rate revenues of \$163.2 million, or
2 13.8% on a total revenue basis, with a proposed effective date of May 26, 2026 (the
3 Company assumes that the Commission will suspend this matter for seven months after
4 May 26, 2026, and when they do so the suspension period will end December 26, 2026,
5 with rates effective that same day).

6

7 **Q. HAS THE COMPANY EVALUATED THE CUSTOMER BILL IMPACT OF ITS**
8 **PROPOSED RATE INCREASE?**

9 A. Yes. As shown below, the Company has evaluated the impact of its proposed rate increase
10 on the average monthly bill:

11 • The total bill for a residential customer using 86 Mcf per year would increase
12 from \$122.20 to \$138.23 per month or by 13.1%.

13

14 • The total bill for a commercial customer using 250 Mcf per year would increase
15 from \$271.47 to \$314.05 per month or by 15.7%.

16

17 • Rates for an industrial customer using 1,750 Mcf per year would increase from
18 \$1,802.05 to \$2,010.68 per month or by 11.6%.

19

20 The monthly bill impacts set forth above are fair and reasonable as the Company
21 will use this increase in distribution rates to support its ongoing provision of safe and
22 reliable distribution service while also maintaining affordable rates for its customers. The
23 proposed fixed customer charges also reflects cost-of-service principles, while considering
24 the principle of gradualism. For more information about customer bill impacts and rate
25 design please see **Peoples Statement No. 17 – the Direct Testimony of John Taylor.**

26

27 **Q. WHAT IS THE PRIMARY DRIVER FOR THIS RATE FILING?**

1 A. The primary drivers for this case are the Company’s ongoing infrastructure modernization
2 programs which are supported by significant ongoing capital investments. The Company
3 anticipates that since its last base rate case in 2023 through the end of the Fully Projected
4 Future Test Year (“FPFTY”) presented in this filing, it will spend nearly \$2.3 billion to
5 replace more than 1,250 miles of its aging infrastructure. For 2026 and 2027, the Company
6 is projected to spend more than \$1.2 Billion in Long-Term Infrastructure Improvement
7 Plan (“LTIIIP”) investments, with more than \$600 million in 2026 and \$650 million in
8 2027. The Company’s LTIIIP program represents approximately 80% of the capital
9 expenditures included in this proceeding. (See Exhibit No. 19, RR-14). These capital
10 investments involve the replacement of aging infrastructure that will enhance the overall
11 safety, reliability, sustainability and integrity of the Company’s natural gas distribution
12 system. Therefore, the Company is requesting a base rate increase to recover the revenue
13 requirement associated with the capital invested through the test year and continued
14 investment in modernizing its infrastructure through the FPFTY.

15 Approval of the Company’s request is necessary for Peoples to continue to provide
16 safe and reliable natural gas service at a reasonable price to its customers while providing
17 the Company with a reasonable opportunity to recover its costs and earn a fair rate of return
18 on its capital investments in this proceeding. As such, approval of the Company’s request
19 herein will demonstrate to its investors that the Commission continues to support the
20 Company’s need for natural gas infrastructure modernization and investment, as well as
21 the need for reasonable and predictable earnings to continue to operate its business.

22
23 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?**

1 A. First, I will introduce Peoples’ witnesses in this case, as well as the subject matters
2 presented by each witness. Next, I will discuss the various priorities in this filing, including
3 but not limited to managing the affordability of service to customers while balancing the
4 need to undertake critical safety upgrades to the Company’s natural gas distribution system.
5 I will also highlight some of the Company’s operational performance and safety results,
6 including the progress the Company has made with its infrastructure modernization
7 program. In addition, I will discuss Peoples’ customer service metrics and how the
8 Company has been improving its customer experience.

9 Lastly, I will conclude my testimony with a discussion regarding the Company’s
10 focus on delivering safe and reliable natural gas distribution service, the benefits of that
11 service, and the overall community impact resulting from that service.

12
13 **Q. PLEASE LIST THE FILING REQUIREMENTS THAT YOU ARE SPONSORING**
14 **AS A WITNESS.**

15 A. I am sponsoring Peoples Exhibit No. 13, Schedule No. 10 and Peoples Exhibit No. 15,
16 Schedule No. 1.

17
18 **II. WITNESSES**

19 **Q. PLEASE PROCEED WITH THE INTRODUCTION OF PEOPLES’ WITNESSES.**

20 A. Peoples’ witnesses and the subject matters of their testimonies are as follows:

21 Andrew P. Wachter, Director, Finance and Regulation, will identify and explain
22 Peoples’ operating and maintenance (“O&M”) expenses for the Historic Test Year, Future

1 Test Year, and the FPFTY. Moreover, Mr. Wachter will discuss the Company's Tax
2 Repairs proposal. **(Peoples Statement No. 2);**

3 Carol Scanlon, Manager of Rates and Regulation, will support the Company's
4 requested overall revenue requirement for non-gas costs. In addition, Ms. Scanlon will
5 support proposed revisions to the universal service rider and miscellaneous service charge
6 fee amounts. **(Peoples Statement No. 3)**

7 Dawn Folks, Rates Analyst, will support the Company's calculation of historical
8 and projected revenues, including customer counts and volume projections, and the
9 determination of rates for competitive accounts. **(Peoples Statement No. 4)**

10 Ed Palombo, Vice President of Reliability, will describe the Company's gas supply
11 plan, the Company's gathering approach, and the Company's safety programs and
12 performance. **(Peoples Statement No. 5)**

13 Paul Becker, Vice President of Construction and Engineering, will discuss the
14 Company's capital pipeline work programs. **(Peoples Statement No. 6)**

15 Angela Jiang, Vice President, Tax, will sponsor and support the Company's tax
16 calculations for ratemaking purposes and the tax-related information provided by Peoples
17 in response to the Commission's rate filing regulations. More specifically, Ms. Jiang will
18 explain the Company's Net Operating Loss carryforward, how the Company is reflecting
19 the effects of Tax Repairs in this proceeding, and how the reduction to the Corporate Net
20 Income tax rate impacts the Company's revenue requirement in this matter. **(Peoples
21 Statement No. 7)**

1 Luke Ravenstahl, Vice President Sales and Marketing, will sponsor and support the
2 Company's negotiated contracts with competitive customers and a proposed appliance
3 rebate pilot. **(Peoples Statement No. 8)**

4 Joyce Mitole, Controller, will sponsor the accounting filing requirements and
5 explain how the accounting records of Peoples are maintained under industry standards.
6 **(Peoples Statement No. 9)**

7 Rita Black, Director of Customer Service Programs, will sponsor and explain the
8 Company's universal service programs and the implementation of said programs. **(Peoples**
9 **Statement No. 10)**

10 Rudolph Hanechak, Financial Analysis and Budget Manager, will sponsor and
11 support the Company's taxes other than income calculations. **(Peoples Statement No. 11)**

12 Nick Tufaralo, Manager Asset Accounting, will present the calculation of the
13 Company's rate base **(Peoples Statement No. 12)**

14 Krista Snyder, Rates Analyst, will discuss the Company's tariff changes and the
15 various proposals reflected in the Company's proposed tariff. **(Peoples Statement No. 13)**

16 Anton Ribich, Rates Analyst, will present the calculation of the Company's cash
17 working capital requirements. **(Peoples Statement No. 14)**

18 Jennifer Nelson, Managing Consultant, Concentric, will present an independent
19 assessment of the fair rate of return that Peoples should be authorized to earn on its
20 investment in providing gas delivery service to customers. **(Peoples Statement No. 15)**

21 John Spanos, President, Gannett Fleming, Inc., will sponsor a depreciation study
22 that determined Peoples' annual depreciation accrual rates. **(Peoples Statement No. 16)**

1 John Taylor, Atrium, will sponsor the cost of service allocation studies prepared by
2 his firm and he will explain how Peoples’ rates were designed to produce the revenue
3 requirement described in Peoples’ witness Carol Scanlon’s testimony. Mr. Taylor will also
4 discuss the Company’s WNA program. **(Peoples Statement No. 17)**

5
6 **III. TOP PRIORITIES – SAFETY, AFFORDABILITY, CUSTOMER SERVICE**

7 **Q. WHAT ARE PEOPLES’ TOP PRIORITIES?**

8 A. At Peoples, our mission is to sustain life and improve economic prosperity by safely and
9 reliably delivering natural gas to our customers and communities. The Company delivers
10 on this mission while striving to achieve the operational excellence necessary to provide
11 safe and reliable natural gas delivery service to its customers. We work hard to support our
12 customers and our employees and to help the communities we serve grow and prosper. We
13 achieve our mission with a focus on safety. We strive to keep our customers, the
14 communities we serve and our employees safe every day. In order to keep our system safe,
15 the Company is investing and will continue to invest in upgrading and modernizing the
16 infrastructure from which we serve our customers.

17 Additionally, since we are geographically located on top of the second largest
18 known natural gas reserve on the planet, the Company prioritizes and supports the
19 utilization of the available and affordable energy supply we have right here in Southwestern
20 Pennsylvania. We work with producers and customers as well as economic leaders to
21 optimize the incredible asset of local natural gas for the benefit of this Commonwealth and
22 Southwestern Pennsylvania. Helping customers understand the environmental and
23 economic benefits of natural gas is a key part of our mission.

1 At the same time that we are delivering safe and reliable natural gas service, we
2 work to reduce our methane emissions and our overall impact on the environment with our
3 leak reduction and pipeline replacement work and other projects. We continue to partner
4 with leaders at the local and state levels to drive both economic development in this region
5 but also environmentally conscious initiatives to help us all reach our emissions reduction
6 goals.

7 The Company prioritizes safety as I will explain below, but something we need to
8 continually balance is the affordability of our natural gas service. Below I will outline the
9 commitments we've made to safety but also the various measures we consider regarding
10 affordability. It is important that we value both safety and affordability for our customers
11 and the communities in which we serve. Another priority, in addition to safety and
12 affordability, is our focus on customer service. Below I'll outline Peoples' customer service
13 performance and the commitments we made and implemented in our prior base rate case.

14
15 **A. Safety Spend: Infrastructure Investment & Operations Performance**

16 **Q. PLEASE EXPLAIN THE COMPANY'S INFRASTRUCTURE SAFETY**
17 **INVESTMENTS.**

18 A. Peoples and its predecessor companies have had LTIPs in place since 2013. The
19 Company's most-recently approved LTIP was approved on December 18, 2025, effective
20 January 1, 2026 (See Docket No. P-2025-3057167) ("Third LTIP"). The Company's Third
21 LTIP targets the replacement of approximately 930 miles of at-risk pipe for a total cost of
22 approximately \$3.2 billion.

23

1 **Q. ON WHAT DOES THE COMPANY’S THIRD LTIP FOCUS?**

2 A. Peoples’ Third LTIP commits to replace all at-risk pipelines by 2038. The Third LTIP
3 focuses primarily on removing bare steel and cast/wrought iron from the Company’s
4 system but also targets the replacement of a subset of first-generation plastic pipe.
5 Typically, the highest risk pipes are mainly located in urban areas, which have the highest
6 concentration of customers being served. These pipe replacement projects are much more
7 costly per mile than the rural pipe replacement projects due to the significant paving and
8 restoration work associated with the urban projects. In addition, and of growing importance
9 to all of us, our LTIP focuses on the mitigation and elimination of methane impacts on the
10 quality of air. The Company is committed to reducing its overall emissions by 60% from
11 its 2019 baseline, by 2034. The LTIP work is one of the major ways the Company will
12 meet its emissions reduction goals.

13
14 **Q. WILL THE COMPANY CONTINUE TO INVEST IN THE MODERNIZATION OF**
15 **ITS INFRASTRUCTURE AND WHY?**

16 A. Yes, Peoples is committed to continue its investment in infrastructure modernization for
17 many years to come. Through its capital pipeline work, the Company will systematically
18 replace older and more vulnerable sections of its pipeline made of leak-prone materials in
19 order to reduce its overall scope 1 greenhouse gas emissions¹. Moreover, the Company’s
20 infrastructure modernization programs allow the Company to maintain the reliability and
21 integrity of its natural gas system for the safety of its customers and the environment.

¹ Scope 1 emissions are direct greenhouse gas emissions that occur from sources that are controlled or owned by the Company.

1 **Peoples Statement No. 6 - the Direct Testimony of Paul Becker** further details the
2 Company's work and investment in pipeline modernization.

3
4 **Q. AS PART OF THE COMPANY'S MODERNIZATION WORK, THE COMPANY**
5 **IS DEPLOYING NEW METER TECHNOLOGY. PLEASE EXPLAIN.**

6 A. The Company is currently installing Intelis meters for eligible customers on its natural gas
7 distribution system. An Intelis Meter is an ultrasonic based meter with enhanced safety
8 features including high pressure shut off and high flow shut off. The Intelis Meter
9 represents a significant advancement in utility safety and operational oversight, with the
10 integration of pressure sensing technology into solid state gas meters serving as a
11 cornerstone of this initiative. These meters are designed to provide real-time monitoring of
12 gas pressure at the point of service, enabling early detection of anomalies that could
13 indicate leaks, pressure drops, or other hazardous conditions. This capability greatly
14 enhances the utility's ability to respond to potential safety issues, reducing the risk of
15 incidents and improving overall system integrity. The pressure sensing feature supports
16 compliance with regulatory safety standards and aligns with industry best practices for gas
17 distribution monitoring.

18 The Company began to install Intelis Meters in 2024. As of the end of 2025, the
19 Company has installed over 100,000 Intelis Meters. In the Company's LTIIP, the Company
20 proposes to install the remaining meters over the coming years. The estimated cost of this
21 investment is nearly \$200 million.

1 **Q. PLEASE EXPLAIN THE COMPANY’S GOALS WITH RESPECT TO**
2 **OPERATIONS AND SAFETY?**

3 A. As previously mentioned, safety is the Company’s top priority. As such, the safe operation
4 of our system is what our Company focuses on every day. Some of the ways the Company
5 measures its operational safety performance include outstanding leaks, damage prevention,
6 emergency response and pipeline safety compliance. As demonstrated below, the Company
7 is working hard to achieve its operations and safety performance.

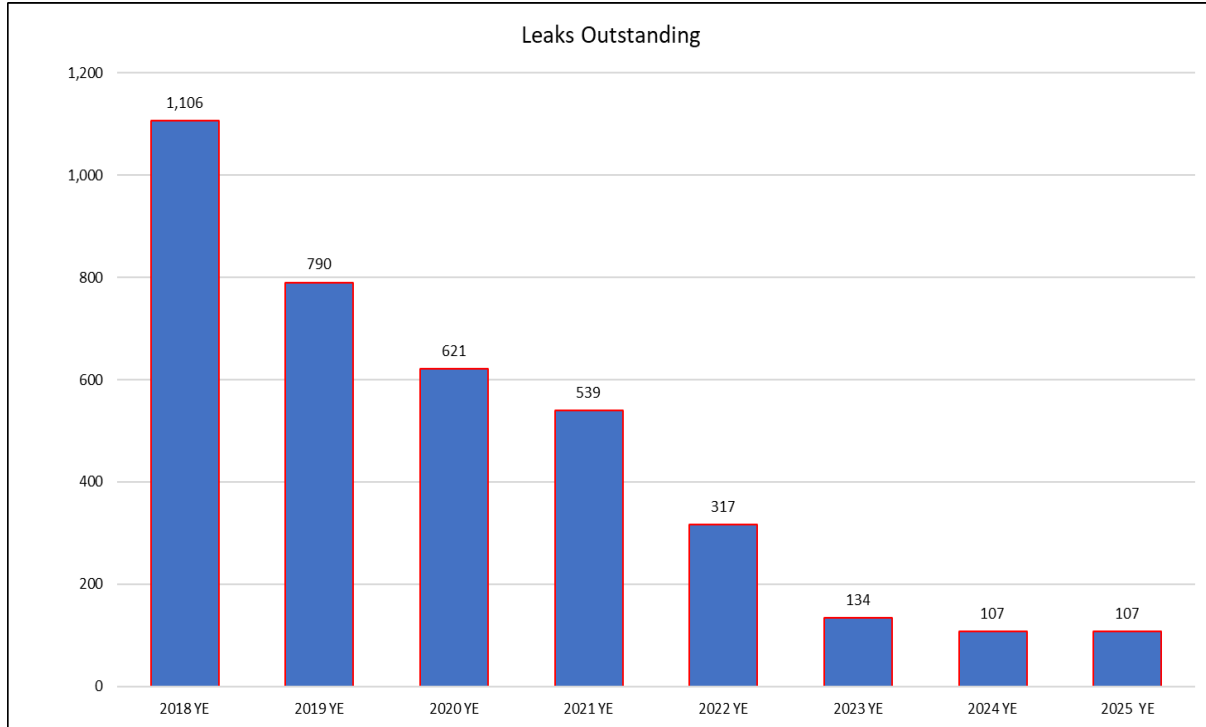
8
9 **Q. CAN YOU PROVIDE EXAMPLES OF PEOPLES’ OPERATIONAL AND**
10 **SAFETY PERFORMANCE?**

11 A. Yes. As demonstrated by the following Table 1, the Peoples team has worked hard and
12 continues to work hard to reduce the outstanding leaks on its system. Since 2018, the
13 Company has reduced its outstanding leaks (Grade 1 and 2) by more than 90% from more
14 than 1100 in 2018 to 107 in 2025 at year’s end. This information is reported annually to
15 the Department of Transportation as a snapshot of outstanding leakage on December 31 of
16 each year.

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Table 1 – Outstanding Leaks on Peoples’ System



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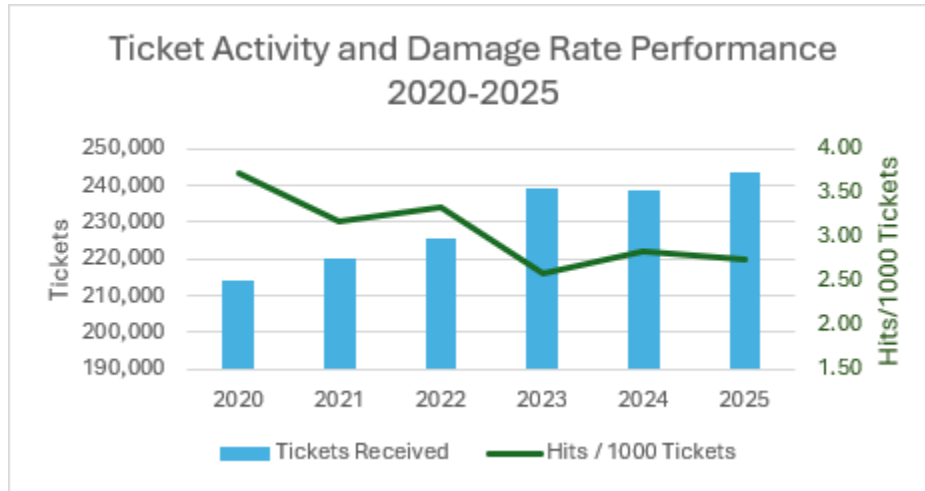
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Regarding Damage Prevention, since 2020, the Company has worked diligently to reduce its number of excavation damages. Peoples has successfully reduced its damage rates by 26% despite receiving more locate ticket requests year-over-year and marking more tickets year-over-year. See Table 2 below for the Company’s ticket activity and damage rate performance from 2020 through 2025.

1 **Table 2 – Peoples’ Ticket Activity and Damage Rate Performance (2020-2025)**



2
3 Regarding Emergency Response times, the Company has successfully stabilized its
4 “average minutes to respond” and also met its goals for “% response within 60 minutes.”
5 The following Table 3 demonstrates 2022-2024 results for both categories:

6 **Table 3 – Peoples Average Emergency Response Times (2022-2024)**

AVERAGE RESPONSE TIME TO POTENTIAL GAS EMERGENCIES			
	2024	2023	2022
Average minutes to respond	26.7	26.5	24.2
% Response within 60 minutes	96.8%	96.7%	98.6%

7
8 Lastly, the Company has achieved success with respect to gas safety compliance. In 2024,
9 the Commission conducted 241 audits of field operations and associated records, finding
10 no violations, fines or citations. In 2024, the Pipeline Safety Division of the Commission’s
11 Bureau of Investigation and Enforcement did issue three letters of potential Non-
12 Compliance (NC letters) to the Company that recommended minor revisions to procedures
13 and policies to enhance the pipeline safety performance. The Company worked with the
14 Pipeline Safety Division to incorporate its suggestions into the Company’s standard
15 operating procedures. The following Table 4 demonstrates the Company’s gas safety

1 compliance statistics including reportable incidents, corrective action orders, notices of
2 probable violation and non-compliance letters the Company had since the last base rate
3 case, 2022-2024:

4 **Table 4 – Peoples’ Gas Safety Compliance Statistics (2022-2024)**

GAS SAFETY COMPLIANCE			
	2024	2023	2022
Reportable Incidents	1	1	3
Corrective Action Orders	0	0	0
Notices of Probable Violation ¹	0	0	0
Non-Compliance Letters	3	3	9

5
6 For more information on the Company’s operations and safety programs, please see
7 **Peoples Statement No. 5 - the Direct Testimony of Edward Palombo.**

8
9 **B. Affordability**

10 **Q. WHAT STEPS HAS PEOPLES TAKEN TO ADDRESS AFFORDABILITY?**

11 A. The Company has taken various steps to address affordability. I have broken them into the
12 following four categories: 1) Corporate Structure Measures & Tax Strategies; 2) Customer
13 Facing and Customer Education Strategies; 3) Cost Containment Strategies; 4) Gas
14 Procurement Benefits.

15
16 **Q. PLEASE EXPLAIN THE CORPORATE STRUCTURE MEASURES.**

17 A. Since 2010, the owners of Peoples have acquired and consolidated three of the four largest
18 Southwestern Pennsylvania natural gas utilities. In 2010, Peoples Natural Gas was acquired
19 from Dominion Resources and stood up as a standalone company. In 2012, the former T.
20 W. Phillips Gas and Oil Co. was acquired, and in 2013, Equitable Gas Company was

1 acquired. Since those acquisitions all aspects of operating these utilities have been merged.
2 This included consolidating four separate union-negotiated collective bargaining
3 agreements into one, which eliminated classified work tied to the legacy utilities. This
4 enabled the Company to consolidate 25 field operations locations into 14 remaining shops,
5 among many other operational benefits.

6 In addition, as part of various separate applications, 1307(f) and base rate case
7 proceedings, all gas procurement activities, along with gas cost rates and base rates, have
8 been consolidated.

9 The final consolidation left is to merge PNG Gathering LLC into Peoples which
10 has already been approved at the Commission and thus we are including the consolidation
11 of the base rates into this proceeding. Please refer to **Peoples Statement No. 2 – the Direct**
12 **Testimony of Andrew P. Wachter** for further discussion.

13
14 **Q. PLEASE EXPLAIN THE TAX AND OTHER TAX STRATEGIES.**

15 A. After the acquisition of Peoples by Essential, leadership of the companies determined it
16 beneficial to update the definition of its unit of property under the IRS’s tangible property
17 regulations (also known as “Tax Repairs Deduction”). This allowed the Company to
18 prospectively deduct, as an operating expense on its income tax returns, the costs of certain
19 asset improvements that otherwise would be capitalized and depreciated for tax purposes.
20 Further, this increased the prospective deduction that could be taken by Peoples related to
21 its ongoing capital programs. As such, significant benefits were passed on to customers.
22 For example, in the last rate case the tax benefit associated with the Tax Repairs Deduction

1 flowed to customers was over \$100 million annually. In this case, the amount is over \$130
2 million.

3 Regarding the retroactive catch-up deduction, the Company has refunded over \$104
4 million to customers through December 31, 2025 and plans to refund an additional \$21
5 million by 2031.

6
7 **Q. PLEASE EXPLAIN THE CUSTOMER FACING AND CUSTOMER EDUCATION**
8 **STRATEGIES.**

9 A. There are a number of opportunities available to customers that consider affordability. The
10 Company offers a budget billing program that allows customers to spread higher winter
11 heating bills across the entire year, allowing for a more stable and predictable payment. If
12 customers have past due amounts or arrears, they can enroll in a payment arrangement that,
13 similar to budget billing, spreads the arrears out over a period of months, based on the level
14 of income in the household, to provide a more affordable monthly payment while the
15 customer works to reduce their arrears. Through our Hardship Fund, customers with
16 incomes up to twice the poverty level can obtain grants to further reduce their account
17 balances as well.

18 The Company offers a suite of universal service programs to support low income
19 households and our contact center personnel are fully trained in the eligibility for all
20 programs and offerings to ensure they are suggesting options to customers and helping
21 them enroll in programs that are most suitable to their situation. This includes promoting
22 LIHEAP, not just during direct contact with our contact center, but generally through a
23 media campaign as well. Our contact center agents can also mail LIHEAP applications

1 directly to customers who are interested in applying that are prefilled with the mailing
2 address for their county in order to allow for easy submission to the state. The Company
3 also waives connection fees, reconnection fees and security deposits for customers who
4 self-identify as low income.

5 Peoples expanded its Customer Assistance Program (“CAP”) eligibility more than
6 ten years ago to those whose income is between 151% and 200% of the federal poverty
7 level, providing a participation opportunity that is not available in other Natural Gas
8 Distribution Companies (“NGDC”) and Electric Distribution Companies (“EDC”) CAP
9 programs. The Company also offers weatherization and emergency furnace and service
10 line repair programs to help low-income households conserve natural gas usage and
11 address emergency heating needs that these households could not otherwise afford to
12 address on their own.

13 We also understand that we can have great programs to help our customers, but if
14 they are unaware of them, they will not reap the benefits. Peoples files a Consumer
15 Education and Outreach Plan (“CEOP”) annually in which we describe the various ways
16 we reach our customers, right where they are. Our philosophy for communicating about
17 available programs is simply ‘You or someone you know’. The idea being that we should
18 promote these programs to broad audiences, many of whom may not have a need for a
19 program such as LIHEAP, but they may know someone in their life that would benefit.
20 We also promote these programs in a targeted way to customers whose demographics
21 indicate they may be income eligible and have a need. And, we have important partnerships
22 with local social service agencies and legislative offices to share this information for the
23 benefit of the people they are working with every day. Our communication tools go beyond

1 advertisements and include but are not limited to billboards and transit advertising. We
2 also use focused bill inserts, emails, digital ads with videos, social media and enhanced
3 website pages.

4 Educating customers about shopping for natural gas suppliers is also an area in
5 which Peoples seeks to provide important information in an easy to understand way. We
6 include shopping information in regular bill inserts and other communications. We also
7 have a dedicated page on our website that explains shopping, provides information on
8 Peoples' Price to Compare and answers common questions about customer choice.

9
10 **Q. PLEASE EXPLAIN THE COST CONTAINMENT EFFORTS.**

11 A. As I mentioned earlier in my testimony, the main reason for this rate request is due to the
12 accelerated safety spend for the modernization of the Company's aging natural gas
13 distribution system. As such, a key focus area for our business involves keeping our costs
14 for the capital modernization programs affordable and efficient. Peoples is able to maintain
15 efficient project costs for its pipeline replacement work through focus on certain aspects
16 such as: 1) facility synergies – connecting customers while eliminating redundant facilities;
17 2) through abandonments of pipelines no longer needed due to system overlaps and review
18 of hydraulic modeling; and 3) restoration coordination, which involves coordinating with
19 neighboring utilities and municipalities to sync up paving schedules, or street opening
20 occurrences at the same time. Overall, our focus is on keeping costs as low as possible to
21 maintain an efficient work flow at affordable costs to customers, thereby allowing us to
22 balance safety and affordability in our infrastructure work plan.

1 When the Company’s facilities are replaced and modernized, doing so reduces costs
2 that would have been associated with operating and maintenance activities like leak repair.
3 The Company maintains the same compliance obligations on its pipelines but can reduce
4 or eliminate leak repair issues associated with aging bare steel pipe, as an example.

5 Lastly, the Company has been able to maintain relatively flat operating and
6 maintenance costs since its last base rate proceeding driven by an overall commitment to
7 cost containment and prudent spending.

8
9 **Q. PLEASE EXPLAIN THE COMPANY’S GAS PROCUREMENT BENEFITS?**

10 A. Peoples continues to pursue its goal of least cost reliable service through a combination of
11 local and interstate pipeline assets and supplies.

12 The Company’s interstate assets consist of a portfolio of transportation and storage
13 services that Peoples has contracted for with various Federal Energy Regulatory
14 Commission (“FERC”)-regulated pipelines. These interstate assets give Peoples access to
15 a variety of locations at which it can receive gas supplies that are produced upstream of the
16 Peoples system. The interstate storage assets allow Peoples Natural Gas to use its upstream
17 assets more efficiently, mitigate the effects of price swings in the natural gas market, and
18 enhance the deliverability of Peoples’ interstate natural gas supplies during periods of peak
19 demand.

20 The local assets are Peoples’ on-system storage facility and a gathering and
21 distribution system, which have allowed Peoples to deliver local natural gas supplies
22 produced in Pennsylvania and purchased by Peoples from Pennsylvania producers. The
23 availability of supply in our geographic location is a benefit to customers.

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Q. HOW DO CUSTOMERS BENEFIT FROM BEING LOCATED WITHIN PEOPLES’ SERVICE TERRITORY?

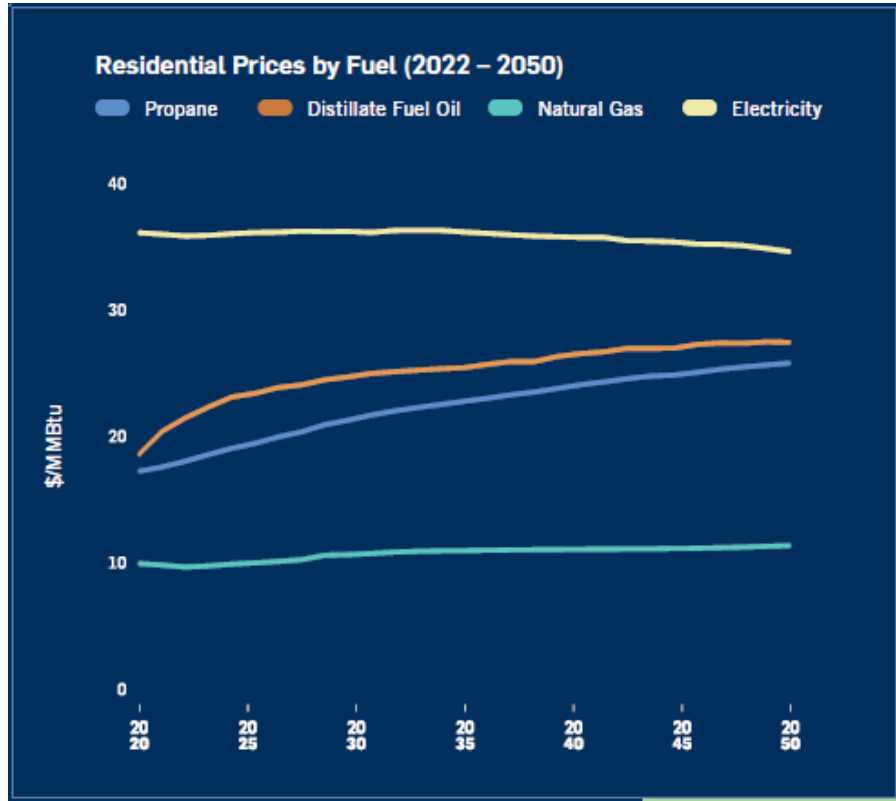
A. Peoples’ customers benefit from the fact that the Company is uniquely and strategically positioned within the Marcellus Shale region which affords both the Company with an opportunity to purchase and customers with an opportunity to avail themselves of an affordable natural resource – natural gas. The combination of this region’s abundant natural gas resources, competitive marketplace and well-developed infrastructure collectively contributes to the comparatively lower natural gas prices in the western Pennsylvania region compared to other parts of the country. For example, natural gas purchased within the Peoples footprint has traditionally traded (over the past several years) at a negative basis differential of approximately \$1.00 per Mcf as compared to the benchmark Henry Hub price used as a standard pricing reference in many regions of the country. That cost differential allows Peoples to purchase gas for our customers at a lower price which provides them with an affordable energy solution. Further, lower gas costs have helped to maintain affordable rates for our customers at the same time that we have been increasing modernization efforts to provide a safer and more reliable system for our customers.

We continue to educate our customers and the businesses we serve on seeing the economic value in using natural gas for their energy needs. Natural gas is more affordable than other home energy sources. For example, according to the American Gas Association (“AGA”)², for residential customers, natural gas will cost *significantly* less than other fuels

² <https://playbook.aga.org/share/residential-prices>

1 for many years to come (emphasis added). Table 5 below demonstrates that natural gas will
2 be a cost-effective choice for consumers through 2050:

3 **Table 5 – Projected Residential Prices by Fuel (2022-2050)**



4
5 Moreover, in August of 2023, the Department of Energy published an analysis which
6 shows the affordability of natural gas – with natural gas being two to three times more
7 affordable than other energy sources for the same amount of energy delivered³.

8 As such, Peoples is committed to boosting economic development in this region by
9 job creation, job retention and by way of providing a cost-effective, geographically
10 available essential resource – natural gas – to Southwestern Pennsylvania consumers.

11
³ <https://www.govinfo.gov/content/pkg/FR-2023-08-28/pdf/2023-18532.pdf>

1 **C. Customer Service Performance**

2 **Q. PLEASE EXPLAIN THE COMPANY’S GOALS WITH RESPECT TO**
3 **CUSTOMER SERVICE.**

4 A. One of our primary goals has been to focus on and continually improve our customer
5 service, and I am happy to be able to testify that we have been successful in this area.
6 Peoples has objective targets for measuring customer service including certain call center
7 metric targets and metrics related to customer complaints and the Company’s response to
8 such complaints. Overall, the Company as a whole has embraced the principle that people
9 who care about what they are doing will provide a more efficient and higher quality of
10 service to customers. Our employees are proud to work for the Company, and they
11 recognize the importance of their services to the region where they live. They see
12 themselves as neighbors helping to make their neighbors’ lives better, which is a long-term
13 core value for our Company in the communities we serve.

14
15 **Q. WHAT HAS BEEN PEOPLES’ PERFORMANCE REGARDING CUSTOMER**
16 **SERVICE?**

17 A. Since Peoples’ last base rate proceeding in 2023, Peoples has continued to provide strong
18 customer service through both the contact center field employee visits and our success is
19 reflected in the Annual Customer Service Performance Report⁴ published by the
20 Commission. Some of the highlights from the 2024 report are as follows:

- 21 • **Calls Answered Within 30 Seconds at 86%**
- 22 • **Ease of Reaching Company at 86%**
- 23 • **Rep Satisfaction at 90%**
- 24 • **Rep Courtesy of 94%**

⁴ <https://www.puc.pa.gov/media/3762/2024-customer-service-performance-report-final.pdf>

- 1 • **Rep Knowledge at 92%**
- 2 • **Field Rep Courtesy at 98%**
- 3 • **Field Rep Knowledge at 96%**
- 4 • **Overall Satisfaction with Field Visit at 92%**
- 5 • **Overall Satisfaction at 88%**
- 6

7 **Q. CAN YOU PROVIDE EXAMPLES OF PEOPLES PROVIDING QUALITY**
8 **CUSTOMER SERVICE?**

9 A. Yes, as demonstrated in the PUC’s Annual Utility Consumer Report and Evaluation for
10 2023⁵ which was published in January of 2025, Peoples provided excellent service. The
11 report provides information on each utility’s performance in handling complaints. The
12 three main areas covered in the report are: Consumer Complaints, Payment Arrangement
13 Requests (“PAR”) and Compliance with Commission regulations. As shown in Table 6
14 below, Peoples’ Consumer Complaint Rate for both divisions was lower than the
15 Pennsylvania NGDC average.

16 **Table 6 – Peoples’ Customer Complaint Rate**

	Consumer Complaint Rate	Justified Consumer Complaint Rate	Percent of Justified Consumer Complaints
Peoples	0.58	0.02	3.8%
NGDC Average	0.94	0.11	11.6%

17
18 Further, Peoples responds promptly to consumer complaints received by the PUC as
19 demonstrated by the following Table 7:

20

⁵ See <https://www.puc.pa.gov/media/3305/2023-ucare-final.pdf>. The 2024 report has not yet been published and thus the data presented herein is the most recently available.

1 **Table 7 – NGDC Average Response Time to BCS Residential Consumer Complaints (2021-**
 2 **2023)**

**2021-23 Average Response Time to BCS
 Residential Consumer Complaints
 Major Natural Gas Distribution Companies**

Utility	Number of Days		
	2021	2022	2023
Columbia	10.3	8.2	6.2
NFG	13.6	16.9	16.7
Peoples	4.8	4.6	5.3
PGW	21.2	19.8	18.4
UGI Gas	7.6	10.7	15.4
Industry Average	13.0	14.2	14.7

3
 4 Peoples also treats customers fairly with respect to PARs, tying for the lowest
 5 justified PAR rate of its NGDC Peers with Columbia. The following Table 8 shows that
 6 Peoples’ Percent of Justified PARs is significantly less than the average NGDC rate:

7 **Table 8 – NGDC PAR Statistics (2022)**

**2022 Residential Payment Arrangement Request (PAR) Rates,
 Justified PAR Rates, and Percent of Justified PARs
 Major Natural Gas Distribution Companies**

Utility	PAR Rate	Justified PAR Rate	Percent of Justified PARs
Columbia	1.47	0.06	4.3%
NFG	2.23	0.12	5.5%
Peoples	1.93	0.06	3.2%
PGW	11.65	0.61	5.2%
UGI Gas	7.05	0.13	1.9%
Industry Average	4.87	0.20	3.8%

8
 9 Finally, Peoples’ infraction rates continue to remain very low in the
 10 Commonwealth as shown below in Table 9:

1 **Table 9 – NGDC Commission Infraction Rates (2021-2023)**

**Commission Infraction Rates
Major Natural Gas Distribution Companies**

Utility	2021	2022	2023
Columbia	0.03	0.02	0.04
NFG	0.16	0.11	0.13
Peoples	0.06	0.02	0.06
PGW	0.47	0.83	0.83
UGI Gas	0.13	0.18	0.33

2
3
4 **Q. PLEASE LIST THE CUSTOMER SERVICE COMMITMENTS PEOPLES MADE**
5 **IN ITS LAST BASE RATE PROCEEDING.**

6 A. In the Company’s last base rate case, the Company reached a non-unanimous settlement
7 which was approved without modification by the Commission. In that Settlement, the
8 Company agreed to the following regarding customer service:

- 9
- 10 • The Company will modify its definition of and reporting for “confirmed low-
11 income customer” data to include self-attestation for all purposes, including but not
12 limited to the annual Universal Service Report, consistent with the Commission’s
13 definition in 52 Pa. Code § 62.2. Peoples will utilize this definition for reporting on
14 2024 data and will maintain this method of reporting for all future years.
 - 15 • Within 30 days of the entry of this Stipulation, Peoples will refund all currently
16 held security deposits collected from confirmed low income customers, utilizing
17 the Commission’s definition of confirmed low income customer in 52 Pa. Code §
18 62.2.
 - 19 • Peoples will initiate a monthly review of security deposits and refund all security
20 deposits being held from accounts designated as confirmed low income to the
21 customer within 30 days.
 - 22 • Add the following language to Rule 3.D (Gas-PA PUC No. 48, Original Page 20)
23 that mirrors the language of 52 Pa. Code § 56.41(B)(4), “Notwithstanding
24 subsection (D), the Company may not require a cash deposit from a customer who
25 is, based upon household income, confirmed to be eligible for a customer assistance
26
27

1 program. A customer is confirmed to be eligible for a customer assistance program
2 by the public utility if the customer provides income documents or other
3 information attesting to his or her eligibility for state benefits based on household
4 income eligibility requirement that are consistent with those of the public utility's
5 Customer Assistance Program. This information may include, but is not limited to
6 any information listed in 52 Pa. Code 62.2 for the purposes of identifying
7 'confirmed low-income customers'."

8
9
10 **Q. PLEASE EXPLAIN HOW PEOPLES FOLLOWED THROUGH ON THE**
11 **COMMITMENTS LISTED ABOVE.**

12 A. The definition of confirmed low income was implemented as agreed to in the settlement
13 and is used for all reporting purposes. This is a permanent change that will be reflected in
14 all future reporting as well.

15 Regarding security deposits for low-income customers, the Company waives
16 security deposits for customers self-identifying as low income as noted in the settlement.
17 The Company reviews security deposits requested and/or held on accounts on a monthly
18 basis to ensure any newly identified low-income households receive similar treatment. If
19 any security deposit requests or paid deposits are found through this review, they are
20 reversed. The number of security deposits found and reversed is reported through the
21 Company's Universal Service Advisory Group ("USAG") on a quarterly basis.

22
23 **Q. IN ADDITION TO THE SETTLEMENT COMMITMENTS MENTIONED**
24 **ABOVE, WERE THERE ANY OTHER CUSTOMER SERVICE**
25 **IMPROVEMENTS IMPLEMENTED FOLLOWING THE COMPANY'S RATE**
26 **CASE.**

27 A. Yes. In the prior base rate proceeding, Peoples proposed to pay third party fees for customer
28 payments that are made by credit or debit cards or those associated with walk-in payment

1 centers. This proposal was approved and implemented. It is an important improvement
2 given the increased desire by customers to pay utility bills with credit and debit cards.

3
4 **IV. OTHER CASE MATTERS – ECONOMIC DEVELOPMENT, COMMUNITY,**
5 **WNA, MANAGEMENT EFFECTIVENESS**

6
7 **A. Economic Development**

8 **Q. EARLIER YOU TESTIFIED THAT PEOPLES WILL REMAIN FOCUSED ON**
9 **DRIVING ECONOMIC DEVELOPMENT AND JOB CREATION IN WESTERN**
10 **PENNSYLVANIA. WHY IS THIS IMPORTANT TO PEOPLES?**

11 A. Peoples serves more than 700,000 customers and over two million people in Southwestern
12 Pennsylvania. Each customer represents at least one individual, but most represent more
13 than that – perhaps a family or a business with employees. Peoples will only continue to
14 be successful if its service to customers remains safe and reliable. I believe that Peoples
15 can help make this happen with our focus on modernizing infrastructure. To complete our
16 modernization work, we need people. Our work is creating jobs at Peoples with businesses
17 that help us serve our customers and run our Company. Further, Peoples is committed to
18 not only creating jobs but helping to sustain the jobs and retain the key talent employed in
19 those positions.

20 Our LTIP alone has created significant employment opportunities beyond any
21 project in the Company’s long history. For example, in 2025, the Company’s LTIP
22 program required 80 different pipeline crews to complete its work. Our work creates jobs
23 for both internal positions as well as positions outside the company for people employed

1 by contractors engaged to help execute the Company’s program. The vast majority of these
2 jobs are union positions offering competitive compensation and benefits in the region,
3 including positions in the building trades.

4 In the same way that Peoples supports job creation in its service territory, Peoples
5 continues to support and encourage local production of natural gas. Our commitment to
6 bring our customers gas supply from locally drilled gas wells has driven more jobs for local
7 drilling companies and related activities. We consider the local producers on our system as
8 partners in making sure this region and our Commonwealth realize the full economic
9 benefits of having this incredible abundance of gas supply right beneath our feet.

10
11 **B. Community**

12 **Q. PLEASE EXPLAIN THE PEOPLES COMPANIES’ COMMITMENT TO THE**
13 **COMMUNITIES THEY SERVE.**

14 A. We are fully engaged in the Southwestern Pennsylvania community. I am personally and
15 professionally actively engaged in the Southwestern Pennsylvania community through
16 various organizations and events. In 2022, I was the Chair of the Heart Association Walk
17 in downtown Pittsburgh’s North Shore and in 2023, I was Chair of the Leukemia and
18 Lymphoma Association’s Light The Night Walk in North Shore. In 2025, I was the Board
19 Chair of the Energy Association of Pennsylvania, and I remain on the board in 2026.
20 Additionally, I am the Co-Chair of Pittsburgh Works Together – a Pittsburgh based
21 business and labor coalition. Many of our executives and employees are likewise highly
22 involved in the community and such participation is strongly encouraged by Peoples. At
23 Peoples, over 700 employees participated in community and charitable events on behalf of

1 the Company in 2025, supporting more than 200 organizations. One of the key values our
2 employees have embraced is the need to support the communities we serve. I am proud to
3 say that we have a very active Volunteer Activities Committee and many of our employees
4 volunteer on the boards of community organizations. A large number of Peoples' corporate
5 donations are made to organizations in which our employees are actively involved or
6 actively support through the Essential Foundation. This includes giving time and money to
7 help those in need. We offer ongoing volunteer events such as collecting and packing food
8 in partnership with local food banks, restoring and protecting urban forests with Tree
9 Pittsburgh, mentoring youths through Big Brothers Big Sisters and providing winter
10 outdoor gear for children with the Salvation Army's Project Bundle Up. These efforts are
11 helping our customers to see us not only as a provider of utility services, but as partners in
12 the community, and at the same time building a strong sense of pride in the employee ranks.

13 Community involvement is not only one of Peoples' stated core values, it is how
14 we have become recognized in the communities we serve as a true community leader. In a
15 time when governmental support is becoming more challenging at both the federal and
16 state levels, the need for social services in our region continues to grow. Peoples makes
17 financial commitments to organizations that serve our service territory communities - both
18 large organizations and small. Some examples of organizations we support are the Greater
19 Pittsburgh Food Bank, United Way, Leukemia/Lymphoma Society, Dollar Energy Fund,
20 March of Dimes, Salvation Army and Greater Pittsburgh Literacy Council.

21
22 **C. Weather Normalization Adjustment (“WNA”)**

23 **Q. PLEASE BRIEFLY EXPLAIN THE COMPANY’S WNA PROGRAM.**

1 A. In its most recent base rate proceeding, Peoples proposed and received approval of a
2 Weather Normalization Program. With this mechanism, the Company adjusts the customer
3 distribution charges based on normal historic weather patterns. For example, if the weather
4 a customer experiences is colder than normal weather, through a WNA mechanism, that
5 customer would receive a credit on their bill. Alternatively, if the weather a customer
6 experiences is warmer than normal, then that customer would receive an additional charge
7 on their bill. The Company's WNA mechanism provides customers with more predictable
8 winter bills and in turn stabilizes Company revenues for that same period of time.
9

10 **Q. WHAT ARE THE BENEFITS OF A WNA MECHANISM?**

11 A. A WNA mechanism has benefits for both the customer and the Company. The Company
12 is able to bring in steady, predictable revenue while in turn, the customer is afforded stable
13 distribution charges during typically high usage winter months. A WNA mechanism
14 reduces some of the volatility associated with weather on a customer's bill.
15

16 **Q. PLEASE BRIEFLY SUMMARIZE THE RESULTS OF THE COMPANY'S WNA.**

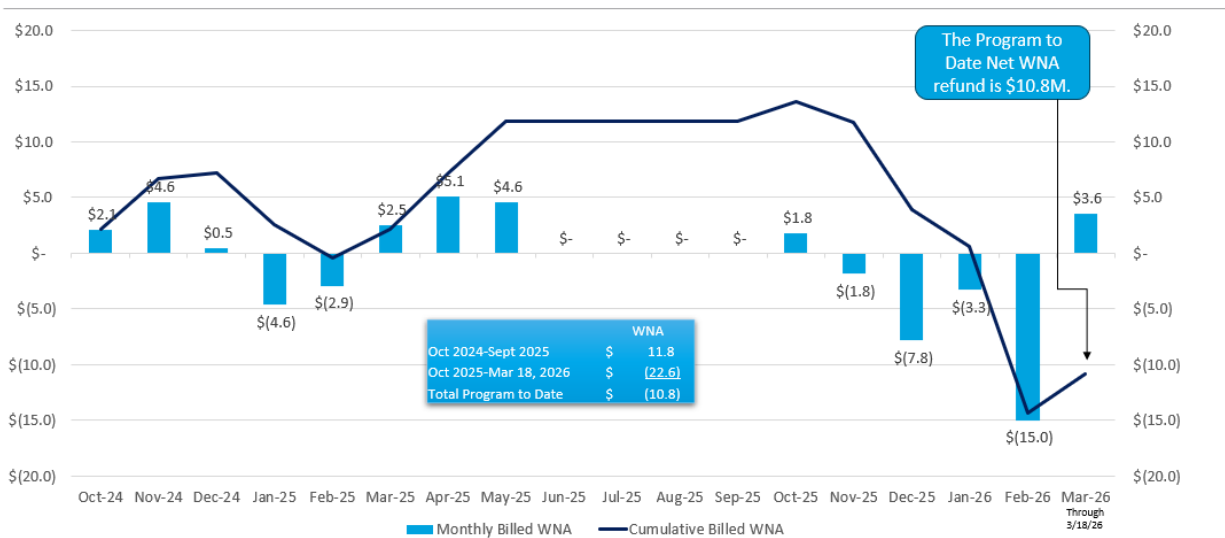
17 A. To date, the Company's experience with WNA demonstrates that the mechanism operates
18 symmetrically and is working as designed. During its first effective period of October 2024
19 through May 2025, the heating season was warmer than normal, resulting in net WNA
20 charges to customers. During the second effective period of October 2025 through present
21 (March 2026), the heating season is colder than normal so far, resulting in net WNA credits
22 to customers. From the program inception to present, the WNA has yielded net credits in
23 the amount of \$10.8 million to customers (as of March 18, 2026). The Company's WNA

1 program is operating as intended. The mechanism has functioned symmetrically, producing
 2 charges during warmer-than-normal conditions and credits during colder-than-normal
 3 conditions, consistent with its design. See Table 10 below, which shows the Company’s
 4 WNA results from inception to present day.

5 **Table 10 – Financial Impact of Peoples’ WNA Through March 18, 2026**

Financial Impact - WNA Customer Impact: Program to Date

in millions



6
7
8 **Q. IS THE COMPANY MAKING ANY ADJUSTMENTS TO ITS WNA**
9 **MECHANISM?**

10 **A.** No, the Company is not proposing any adjustments to its WNA mechanism. The Company
 11 did agree in its last base rate proceeding to update the Normal Heating Degree Days used
 12 to develop the requested revenue requirement in this proceeding, as outlined on page 79 of
 13 the Company’s Tariff. For more information related to the proposed NHDDs and the
 14 Company’s WNA program, see **Peoples Statement No. 17 - the Direct Testimony of**
 15 **John Taylor.**

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D. Management Effectiveness

Q. DO YOU BELIEVE THAT PEOPLES’ ACTIVITIES THAT YOU HAVE DISCUSSED IN THIS TESTIMONY SHOULD HAVE ANY IMPACT ON THE RESULT OF THIS RATE CASE?

A. Yes, I do. We all know that in deciding these cases, the presiding Administrative Law Judge and then the Commission consider many conflicting positions and, with respect to the authorized return on common equity, often end up with a range of returns recommended by various experts from which an authorized return is selected. Peoples’ success in many of the areas I have discussed in this testimony - improving its customer service and accelerating pipeline replacements, bringing jobs to its service territory, and demonstrating that Peoples is a valuable corporate citizen – should lead the decision makers to authorize a 0.25% addition to the determination of the return on common equity proposed by Ms. Nelson, which is solidly within her recommended range. See **Peoples Statement No. 15 - the Direct Testimony of Jennifer Nelson**. Peoples has and continues to be a vital and valuable business to the region and to the Commonwealth. Its impact has made a positive difference in the lives of people and the prosperity of its customers in many ways. We believe our importance will continue to grow into the future.

Q. TO WHAT DO YOU ATTRIBUTE THE SUCCESS THAT PEOPLES HAS ACHIEVED?

A. To attain these results, Peoples’ employees have shown great skill, innovation and dedication, but they would not be able to do their jobs as successfully as they have if

1 Peoples does not have access to capital to improve Peoples' facilities and service. I am
2 confident that I can continue to lead and motivate Peoples' employees to improve Peoples.
3 A results-based return on capital will encourage continued financial support for that
4 improvement.

5 Our investors have the ability and the interest to fund the necessary additional
6 equity needed to modernize our critical natural gas infrastructure. The outcome of this rate
7 case will send a clear message to our investors and, just as importantly, to the investment
8 community in general on how the Commonwealth of Pennsylvania views critical
9 infrastructure investment and service to customers. It is critically important at this time to
10 provide a positive message to that important stakeholder group that Pennsylvania is a good
11 place to invest.

12
13 **V. CONCLUSION**

14 **Q. WILL PEOPLES' CONTINUE TO PRIORITIZE BOTH SAFETY AND**
15 **AFFORDABILITY IN THE FUTURE?**

16 A. Yes. Peoples will continue to maintain its core values of Safety, Reliability, Integrity,
17 Respect and Operational Excellence. Peoples will continue to prioritize employee and
18 public safety, customer service and customer affordability, community involvement,
19 economic development, and conducting its business in the correct way. These priorities
20 will remain unchanged. How we provide our services may change regularly with advances
21 in technology, innovation as well as changes in our customer expectations and their needs.
22 Within this framework, our primary focus will continue to be on providing safe and reliable

1 service while maintaining affordability, high quality customer service and making
2 improvements to our infrastructure through pipeline replacement and modernization.

3
4 **Q. WHY IS A RATE INCREASE NECESSARY FOR PEOPLES AT THIS TIME?**

5 A. Peoples filed this rate request as Peoples' continuing investment in its infrastructure is
6 driving the need for an increase in base rates. The Company is using the DSIC mechanism
7 currently, in the time between its last base rate proceeding and this base rate proceeding,
8 to fund a portion of its infrastructure program. The Company's DSIC will be in effect until
9 the Company is granted new rates by the Commission. The main driver of this case is the
10 continued investment in its infrastructure primarily due to its LTIP. Without a base rate
11 increase, Peoples' revenues will no longer be adequate to cover its costs to provide service
12 and to offer an opportunity to earn a fair rate of return on Peoples' investment.

13
14 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

15 A. Yes, it does. I reserve the right to submit supplemental testimony as additional issues arise
16 during the course of this proceeding. Thank you.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY	:	
COMMISSION	:	
	:	
v.	:	Docket No. R-2026-3060855
	:	
	:	
PEOPLES NATURAL GAS COMPANY	:	
LLC	:	

**PREPARED DIRECT TESTIMONY OF
ANDREW P. WACHTER
DIRECTOR OF FINANCE AND REGULATION
PNG COMPANIES LLC**

DATE SERVED: March 27, 2026
DATE ADMITTED: _____

Peoples Statement No. 2

**PREPARED DIRECT TESTIMONY OF
ANDREW P. WACHTER**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Andrew P. Wachter, and my business address is 375 North Shore Drive,
3 Pittsburgh, Pennsylvania 15212.

4
5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed as Director, Finance and Regulation for PNG Companies LLC (“PNG”). I
7 provide services to Peoples Natural Gas Company LLC (“Peoples” or the “Company”).
8 As Director, Finance and Regulation, I oversee the Rates and Regulatory department and
9 the Financial, Planning and Analysis department at Peoples and its affiliates.

10

11 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND AND**
12 **EMPLOYMENT EXPERIENCE.**

13 A. I graduated from Duquesne University in 2000 with a Bachelor of Science Degree in
14 Accounting. I also obtained a Masters in Business Administration from Duquesne
15 University in 2001. After graduation, I was employed as an Auditor with Deloitte and
16 Touche LLP. In September 2004, I joined T. W. Phillips Gas and Oil Co., the predecessor
17 to Peoples Gas Company LLC (“Peoples Gas”) as the Assistant Controller and was
18 ultimately promoted to the Vice President of Finance and Rates. In June 2012, I assumed
19 the position of Manager, Rates and Regulatory as the result of a post-acquisition
20 reorganization. After that I held multiple roles until I was named Director, Finance in
21 February 2016. In 2018, I assumed regulatory responsibilities in addition to my financial

1 responsibilities and my title was changed to Director, Finance and Regulation. I am a
2 Certified Public Accountant, having obtained my certificate in Pennsylvania in 2004.

3
4 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA**
5 **PUBLIC UTILITY COMMISSION (THE “COMMISSION”)?**

6 A. Yes. I have submitted Testimony in various base rate cases, purchased gas cost cases and
7 other proceedings on behalf of Peoples and its predecessor companies. I have also testified
8 for Peoples Gas WV LLC before the West Virginia Public Service Commission.

9
10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A. The purpose of my testimony is to explain the overall rate case organization. I will also
12 discuss the following items:

- 13 • The recent merger of Peoples Gas into Peoples;
- 14 • The upcoming merger of PNG Gathering LLC into Peoples;
- 15 • Identify and explain Peoples’ operating and maintenance expenses for the test years
16 relevant to this proceeding and, where helpful, the individual components of those
17 expenses;
- 18 • Refund to customers of an excess book contingency reserved.
- 19 • The Company’s proposals related to Tax Repairs;

20 There are three relevant test years: the Historic Test Year (“HTY”), which covers the
21 period December 1, 2024 through November 30, 2025, the Future Test Year (“FTY”)
22 which covers the period December 1, 2025 through November 30, 2026, and the Fully
23 Projected Future Test Year (“FPFTY”) which covers the period January 1, 2027 through
24 December 31, 2027.

1 Please note that the overall revenue requirement will be addressed in **Peoples**
2 **Statement No. 3 – the Direct Testimony of Carol Scanlon.**

3
4 **PEOPLES GAS MERGER INTO PEOPLES**

5 **Q. PLEASE EXPLAIN THE MERGER WHICH RECENTLY OCCURRED.**

6 A. Effective January 1, 2023, Peoples Gas was merged with and into Peoples, with Peoples
7 being the surviving entity and Peoples Gas becoming an operating division of Peoples
8 Natural Gas (the “Merger”). The Merger was approved by an Order of the Commission
9 entered on August 25, 2022 at Docket Nos. A-2021-3029831 and A-2021-3029833 Peoples
10 retained all of the service rights and certificates of public convenience of Peoples Gas and
11 ownership interests in Peoples Gas’s property. PNG Companies previously owned Peoples
12 Gas as a wholly owned separate subsidiary and continues to be the sole direct owner of all
13 membership interests in Peoples following the Merger.

14 In connection with the Merger, Peoples assumed all the debt that Peoples Gas has
15 outstanding with PNG Companies (the “Debt Assumption”). The terms and conditions of
16 the debt assumed by Peoples did not change. The principal amount of the total debt
17 outstanding of the merged entities was unchanged by the Merger.

18
19 **Q. WHAT WAS THE EFFECT OF THE MERGER ON BASE RATES?**

20 A. All the base rates of Peoples Gas were merged into Peoples during the 2023 base rate
21 case at Docket No. R-2023-3044549 with one tariff for the merged companies and the
22 Peoples Gas Division ceased to exist.

23
24 **PNG GATHERING LLC MERGER**

1 **Q. WHAT IS PNG GATHERING LLC (“PNG GATHERING”)?**

2 A. PNG Gathering is a non-utility entity and an affiliate of Peoples. PNG Gathering was
3 formed in 2013 when Peoples acquired Equitable Gas Company (“Equitable”) in the
4 Equitable Acquisition Proceeding. The Goodwin/Tombaugh assets were formerly owned
5 by Equitable, and when Peoples acquired Equitable, it was agreed in the Equitable-
6 acquisition settlement that the Goodwin/Tombaugh assets would be transferred to PNG
7 Gathering. The PNG Gathering assets are within Peoples certificated service territory.

8 From the time that Peoples acquired the Goodwin/Tombaugh assets in 2013 until
9 the Essential acquisition of Peoples in 2020, Peoples spent approximately \$2.1 million on
10 plant replacements (current net book value of \$1.9M) in the Goodwin/Tombaugh system.
11 These assets, which were replaced between 2013 - 2020, are still recorded on PNG
12 Gathering’s books and have not been transferred to Peoples.

13 When Aqua America, Inc., now Essential Utilities, Inc. (“Essential”) acquired PNG
14 and its subsidiaries in 2020, an agreement was reached for Peoples to commit to
15 remediating the Goodwin/Tombaugh gathering system over a 7-year period. Under that
16 agreement, the parties agreed that as the Goodwin/Tombaugh assets were replaced, the cost
17 of the replacement assets would be transferred into the rate base of Peoples and regulated
18 by the Commission as distribution pipeline. However, the \$1.9M of net plant remaining on
19 PNG Gathering’s books has not yet been transferred to Peoples. The merger of PNG
20 Gathering into Peoples (approved as filed at Docket No. A-2025-3056882) will allow for
21 these last remaining plant assets to be transferred to Peoples. The purpose of the merger is
22 to transfer these remaining Goodwin/Tombaugh assets, which are in use and useful, to
23 Peoples upon final rehabilitation of the system (expected in 2026) and to dissolve PNG
24 Gathering as a separate corporate entity.

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Q. WHAT ARE THE IMPLICATIONS OF THE MERGER ON THIS BASE RATE PROCEEDING?

A. The impact of merging PNG Gathering into Peoples will be that the \$1.9M of net plant remaining on the books of PNG Gathering will be included in rate base (refer to **Peoples Statement No. 12 - the Direct Testimony of Nick Tufarolo**). Additionally, PNG Gathering revenue (refer to the **Peoples Statement No. 4 - Direct Testimony of Dawn Folks**) and a claim for expenses (see further discussion below) have been included in this case.

RATE CASE ORGANIZATION

Q. HOW HAS PEOPLES ORGANIZED THIS RATE CASE?

A. Consistent with the last Peoples case, we have organized the filing by topics, instead of the previous numerical method. The table below summarizes how the information is structured in this case by exhibit. Within each exhibit, there are schedules and attachments to further organize the information. While the filing requirements are still listed in each response, the Company's witnesses will be referring to the filing requirements by their corresponding exhibit and schedule numbers. Where applicable, information is provided for the HTY, FTY, and FPFTY in one response.

Exhibit 1	Balance Sheet
Exhibit 2	Income Statement
Exhibit 3	Revenues
Exhibit 4	Operations and Maintenance (O&M) Expenses
Exhibit 5	Depreciation Study
Exhibit 6	Taxes other than Income Taxes
Exhibit 7	Income Taxes
Exhibit 8	Rate Base
Exhibit 9	Depreciation
Exhibit 10	Sales
Exhibit 11	Cost of Service
Exhibit 12	Gas Planning
Exhibit 13	General
Exhibit 14	Tariffs
Exhibit 15	System
Exhibit 16	Capitalization
Exhibit 17	COS Standard Data Requests
Exhibit 18	ROR Standard Data Requests
Exhibit 19	RR Standard Data Requests
Exhibit 20	Testimony

1

2

An index of all information provided can be found in **Peoples Exhibit No. 13, Schedule**

3

No. 1.

4

5

O&M EXPENSE

6

Q. ARE YOU SPONSORING ANY EXHIBITS AS PART OF YOUR TESTIMONY?

1 A. Yes, I am sponsoring the main Operations and Maintenance (“O&M”) claim schedule,
2 **Peoples Exhibit No. 4, Schedule No. 1 (“Ex. 4, Sch. 1”)**, along with the filing
3 requirements and standard data requests identified in Appendix A to this testimony.

4

5 **Q. WHAT ARE PEOPLES’ TOTAL FPFTY OPERATING AND MAINTENANCE**
6 **EXPENSES AT PROPOSED RATES?**

7 A. O&M expenses at proposed rates for the FPFTY are \$222,467,064 as shown in the income
8 statement presented at **Peoples Exhibit No. 2, Schedule No. 4 (“Ex. 2, Sch. 4”)** (filing
9 requirement 53.53 III.A.17). This includes \$219,345,146 of expense at present rates which
10 is presented at **Ex. 4, Sch. 1** and \$3,121,918 of additional uncollectible expense as derived
11 at **Ex. 2, Sch. 4**.

12

13 **Q. PLEASE DESCRIBE THE PROCESS BY WHICH YOU DETERMINED THE**
14 **FPFTY OPERATING AND MAINTENANCE EXPENSES.**

15 A. I started with the “per books” operating and maintenance expenses of \$209,946,248 for the
16 HTY as shown on **Ex. 4, Sch. 1 Page 2**, and I made HTY, FTY and FPFTY adjustments
17 to determine the “normal” level of operating and maintenance expenses of \$219,934,080
18 for the HTY, of \$209,291,934 for the FTY and of \$219,345,146 for the FPFTY. These
19 adjustments were made after reviewing Peoples’ actual expenses and obtaining additional
20 information from department heads.

21

22 **Q. WHAT IS THE HTY ADJUSTMENT FOR LABOR ON PAGE 3 OF EX. 4, SCH. 1?**

23 A. The HTY Labor adjustment is \$1,359,176. This was determined by starting with the Full
24 Time Equivalent (“FTEs”) complement on board at November 30, 2025 and annualizing

1 the labor costs associated with those FTEs at our current wage rates (Lines 1-3) net of
2 capitalization (Line 4) to derive an adjustment to the HTY (Line 5).

3
4 **Q. DO THE NORMALIZED LABOR COSTS REFLECT THE IMPACTS OF THE**
5 **SERVICE AGREEMENT BETWEEN PEOPLES AND PNG AND OTHER SUCH**
6 **AGREEMENTS?**

7 A. Yes, the normalized labor costs reflect the impacts of the Service Agreement between
8 Peoples and PNG¹ as well as the Second Amended Operational Service Agreement by and
9 among Peoples and various affiliates both approved by the Commission. Under these
10 agreements administrative employees are hired at PNG and perform work for PNG's
11 various affiliates. The impacts of these agreements can be seen primarily in the Labor and
12 Benefits expenses.

13
14 **Q. IN LIGHT OF THE SERVICE AGREEMENT BETWEEN PEOPLES AND PNG**
15 **AS WELL AS THE SECOND AMENDED OPERATIONAL SERVICE**
16 **AGREEMENT DISCUSSED ABOVE HOW ARE YOU GOING TO ADDRESS**
17 **NUMBER OF EMPLOYEES?**

18 A. Pursuant to these agreements, employees are hired at PNG or Peoples and perform work
19 for affiliates as well as for the Company. Thus, I will provide the actual number of
20 employees expected to be hired across the companies as well as the FTE anticipated to be

¹ Please note that on January 27, 2026 the Company filed at Docket No. 2022-3036720 an amended Operational Service Agreement which updated the list of Non-Party Affiliates who have contracted to receive services with PNG, as well as minor updates to reflect Peoples' current legal name.

1 charged to Peoples. To be clear, the costs claimed in this proceeding include only costs
2 expected to be incurred by Peoples and do not include any costs for its affiliates.

3
4 **Q. WHAT ARE THE FTY ADJUSTMENTS FOR LABOR ON PAGE 3 OF EX. 4, SCH.**
5 **1?**

6 A. The adjustments for the FTY (Lines 7-13) were derived by starting with the annualized
7 HTY labor of \$60,985,820 and making three types of adjustments. First, we added
8 anticipated merit increases for the FTY period (Columns 4-6) based upon recent history.
9 Second, we added in expected union job progression and anticipated normal salaried
10 promotion increases (Columns 7-9). Third, we adjusted for routine/normal vacancies as of
11 the end of the HTY as well as added the costs related to additional filled positions expected
12 in the FTY.

13
14 **Q. PLEASE EXPLAIN YOUR TREATMENT OF ROUTINE OR NORMAL**
15 **POSITION VACANCIES.**

16 A. Routine and/or normal position vacancies which occur as a result of terminations or
17 retirements were assumed to be filled by employees with equivalent pay or by temporary
18 employees while the positions are being filled. The associated amounts related to the filling
19 of positions are included in FTY Adjustments (Columns 10-12). These amounts are net of
20 a vacancy credit.

21
22 **Q. PLEASE EXPLAIN THE VACANCY CREDIT ADJUSTMENTS INCLUDED IN**
23 **THE FTY and FPFTY.**

1 A. Although the Company is seeking to fill all positions that are currently open, a certain level
2 of vacancies is expected during the FTY the FPFTY. The Company estimates that 30 FTEs
3 and 8 FTEs will be vacant on average during the FTY and FPFTY, respectively.
4

5 **Q. WHAT ARE THE FPFTY ADJUSTMENTS FOR LABOR ON PAGE 3 OF EX. 4,**
6 **SCH. 1?**

7 A. The adjustments for the FPFTY (Lines 14-19) were derived by starting with the annualized
8 FTY labor of \$64,619,709 on a combined basis and making three types of adjustments.
9 First, we added anticipated merit increases for the FPFTY period (Columns 4-6) based
10 upon recent history. Second, we added in expected union job progression and anticipated
11 normal salaried promotion increases (Columns 7-9). Third, we adjusted for the filled vacant
12 positions expected in the FPFTY and added the costs related to these positions.
13

14 **Q. CAN YOU EXPLAIN THE EMPLOYEES ADDED BEYOND FILLING EXISTING**
15 **VACANCIES IN THE FTY AND FPFTY?**

16 A. The Company is proposing to add a LIURP Compliance Specialist with the costs to be
17 recoverable via the Universal Service Rider. Refer to **Peoples Statement No. 10 – the**
18 **Direct Testimony of Rita Black** for further discussion. The cost of this incremental
19 employee is reflected as a Universal Service Program Rider section of my testimony below.
20 These costs are not included in the labor claim in this case but rather are included as a
21 Universal Service Program Cost (see **Ex. 4, Sch. 1, page. 29**). We are not proposing adding
22 any other positions in the claim.
23

1 **Q. WHAT IS THE TOTAL FTE COMPLEMENT INCLUDED IN YOUR FPFTY**
2 **LABOR EXPENSES?**

3 A. The Company’s projected FTE complement is based on the organization proposed by the
4 department heads. This results in FTE equivalent staffing level for Peoples of 1,463, our
5 FPFTY FTE count in this proceeding. This excludes the 1 LIURP Compliance
6 Specialist FTE mentioned above.

7
8 **Q. EXPLAIN THE O&M LABOR PERCENTAGE UTILIZED ON THE LABOR**
9 **SCHEDULES.**

10 A. We developed the O&M labor percentage based upon payroll information during the period
11 from December 1, 2024 through November 30, 2025.

12
13 **Q. WHAT IS THE BASIS FOR THE SHORT-TERM INCENTIVE PROGRAM**
14 **(“STI”) AND INCENTIVE COMPENSATION CLAIM ON PAGE 5 OF EX. 4, SCH.**
15 **1?**

16 A. First the Company normalized and annualized the per books incentive compensation to the
17 amounts based upon the complement of FTEs on board as of the end of the HTY (Lines 1-
18 5). Then the Company made an adjustment to the FTY (Line 11) and the FPFTY (Line 17)
19 to reflect the incentive compensation based upon the FTEs and their associated
20 compensation projected in the FTY and the FPFTY. Lines 7 and 13 include the incentive
21 compensation related to FTEs projected to be added in the FTY and FPFTY, respectively.

22
23 **Q. WHY IS IT IMPORTANT FOR PEOPLES TO RECOVER THE EXPENSE**
24 **RELATED TO INCENTIVE COMPENSATION?**

1 A. To retain talent, Peoples must offer benefits comparable to other companies. Offering
2 Incentive Compensation is one way for Peoples to retain talent by offering market-based
3 incentives to Company employees. The Company has undertaken research to ensure that it
4 offers market-based compensation and incentive programs. Eliminating or reducing these
5 programs would have a significant impact on the Company’s ability to attract and retain
6 competent employees.

7

8 **Q. WHAT IS THE BASIS OF THE FPFTY PENSION CLAIM ON PAGE 8 OF EX. 4,**
9 **SCH. 1?**

10 A. Peoples’ FPFTY pension expense is based on the FTEs’ pension costs determined on a
11 contribution basis. The Company used a four-year average of contributions made in 2022,
12 2023, 2024 and 2025 to derive the claim amount.

13

14 **Q. WHAT IS THE BASIS FOR YOUR FTY EXPENSE FOR POST RETIREMENT**
15 **BENEFITS OTHER THAN PENSIONS (“PBOPS”) ON PAGE 9 OF EX. 4, SCH. 1?**

16 A. Peoples has been accounting for PBOPs on the same basis that these costs are recovered in
17 rates. That is, on an accrual basis consistent with FAS 106 and the prior Commission order
18 at Peoples. Peoples has complied with that order and deposited the amounts into dedicated
19 trust accounts in response to the Commission’s Opinion and Order at Docket No R-
20 00943111. Line 2 reflects the recovery of a prior period net undercollection of PBOP costs
21 as compared to the amounts set in the above-referenced proceedings amortized over two
22 years. The HTY adjusted expense is reflected on Line 3 of this schedule.

1 Under our existing benefits programs, the total FPFTY PBOP expense is
2 (\$143,537) (Line 9) which includes the projections provided by the Company's actuary as
3 well as the previously discussed amortization amount.
4

5 **Q. ARE YOU PROPOSING ANY CHANGES TO THE RECOVERY OF THESE**
6 **COSTS IN THIS PROCEEDING?**

7 A. No. Consistent with prior cases, the Company is proposing to track actual PBOP costs and
8 amortize the cumulative difference between actual and projected costs in the Company's
9 next base rate proceeding. The amount to be tracked is \$390,681 as calculated on Line 10
10 on page 9 of **Ex. 4, Sch. 1**. The tracking will exclude the amortization of prior period
11 amounts. This treatment is consistent with the past ratemaking treatment. The Company
12 anticipates that differences between the rate allowance and actual accruals be tracked and
13 amortized over a period to be determined in the Company's next base rate proceeding.
14

15 **Q. WHAT APPROACH DID YOU USE TO DETERMINE PEOPLES' BENEFITS**
16 **EXPENSES ON PAGE 10 OF EX. 4, SCH. 1?**

17 A. Overall, these benefits include Medical, Dental, Vision, Life Insurance, Long Term
18 Disability Insurance, 401(k) plans and other such programs. The FPFTY benefits expenses
19 reflect the HTY benefits expenses adjusted to include the costs of the benefits for vacant
20 positions filled and annualized for changes in costs relative to the anticipated results from
21 future contract renewals. Medical and other benefits were increased based upon
22 information provided by our third-party benefits consultants. 401(k) benefits were
23 increased consistent with merit increases utilized to develop the labor claim. The combined
24 benefits expense claim for the FPFTY is \$19,531,394.

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**Q. PLEASE DESCRIBE THE ADJUSTMENTS MADE TO OUTSIDE SERVICES-
CONTRACTED ON PAGE 11 OF EX. 4, SCH. 1?**

A. I adjusted the HTY costs to remove non-recurring charges in the HTY, if applicable, and then adjusted for future increases in determining the FTY and FPFTY expense. I made certain adjustments to the FTY and FPFTY. Further, I increased both the FTY and FPFTY by 4.94% which represents the recent 5-year annualized increase in these costs.

**Q. PLEASE DESCRIBE THE ADJUSTMENTS MADE TO OUTSIDE SERVICES-IT
ON PAGE 12 OF EX. 4, SCH. 1?**

A. I added an adjustment for \$465,000 in the FTY and \$220,000 in the FPFTY for a total of \$685,000 for various maintenance contracts on software systems. Further, I increased both the FTY and FPFTY by 2.06% which represents the recent 4-year annualized increase in these costs.

**Q. PLEASE DESCRIBE THE ADJUSTMENTS MADE TO OUTSIDE SERVICES-
A&G ON PAGE 13 OF EX. 4, SCH. 1?**

A. I adjusted the HTY costs to remove non-recurring reimbursements in the HTY and then increased it by 8.23% which represents the recent 5-year annualized increase in these costs in determining the FTY and FPFTY expense (Lines 3 and 7).

**Q. HOW DID YOU DETERMINE THE COSTS OF RENT FOR THE FTY AND
FPFTY ON PAGE 14 OF EX. 4, SCH. 1?**

1 A. Our General Office Rent for the FTY and FPFTY are based on the terms and conditions of
2 the lease for our main office and call center operations in downtown Pittsburgh as well as
3 three other field office facilities. The adjustment on Line 2 represents the annualization of
4 rent expense according to the terms of the leases compared to the HTY expense amount.

5

6 **Q. HOW WERE PEOPLES' INSURANCE COSTS DETERMINED ON PAGE 15 OF**
7 **EX. 4, SCH. 1?**

8 A. I have adjusted the HTY Corporate Insurance Premium by annualizing the most recent
9 premium invoices. Furthermore, I increased the cost thereafter by 10.6% which represents
10 the average total premium increase experienced from last three insurance periods.

11

12 **Q. WHAT IS THE BASIS FOR THE INJURIES AND DAMAGES EXPENSE ON**
13 **PAGE 16 OF EX. 4, SCH. 1?**

14 A. I have reviewed the history of Peoples' Injuries and Damages expenses and have included
15 an average of the past three years' expenses. Further, I increased it by the percentage
16 increase in Injuries and Damages expense from 2024 to 2025.

17

18 **Q. DISCUSS THE TRAVEL EXPENSES ON PAGE 17 OF EX. 4, SCH. 1?**

19 A. I adjusted the HTY costs to remove non-recurring charges, if applicable, in the HTY and
20 then increased it by 5.14% which represents the recent 5-year annualized increase in these
21 costs in determining the FTY and FPFTY expense (Lines 5 and 9).

22

23 **Q. WERE COMPANY MEMBERSHIPS ADJUSTED ON PAGE 18 OF EX. 4, SCH. 1?**

1 A. Yes. The O&M Expense related to Company Memberships has been adjusted for expected
2 increases based upon a 2-year annualized increase in these costs.

3

4 **Q. WERE LICENSES AND PERMITS ADJUSTED ON PAGE 19 OF EX. 4, SCH. 1?**

5 A. I adjusted the HTY costs to remove non-recurring charges, if applicable, in the HTY and
6 then increased it by 2.44% which represents the recent 4-year annualized increase in these
7 costs in determining the FTY and FPFTY expense (Lines 5 and 9).

8

9 **Q. PLEASE EXPLAIN THE ADJUSTMENTS TO UTILITIES AND FUEL USED IN**
10 **COMPANY OPERATIONS ON PAGE 20 OF EX. 4, SCH. 1?**

11 A. Since the expense of gas used in company operations is recovered through the 1307(f)
12 proceeding, it has been removed from the O&M expense in this proceeding on Line 2 of
13 this schedule. The remaining level of costs in this category represent other utility costs, like
14 electric, that are not recovered through the 1307(f) proceeding. The remaining costs in this
15 category were increased for the FTY and FPFTY based upon recent increases in this
16 category.

17

18 **Q. WHAT ARE PEOPLES' FPFTY ADVERTISING EXPENSES ON PAGE 21 OF EX.**
19 **4, SCH. 1?**

20 A. Peoples advertising expenses total \$1,458,032 for the FPFTY. This amount was adjusted
21 to only include expenses which satisfy at least one of the criteria set forth in Section 1316(a)
22 of the Public Utility Code.

23

1 **Q. PLEASE DESCRIBE THE ADJUSTMENTS MADE TO FLEET MAINTENANCE**
2 **AND FUEL AS WELL AS MATERIALS & SUPPLIES ON PAGES 22, AND 23,**
3 **RESPECTIVELY OF EX. 4, SCH. 1?**

4 A. I adjusted these categories for expected increases based upon historical experience in
5 determining the FTY and FPFTY expense.

6
7 **Q. WERE MATERIALS AND SUPPLIES ADJUSTED ON PAGE 23 OF EX. 4, SCH.**
8 **1?**

9 A. I adjusted the HTY costs to remove non-recurring charges, if applicable, in the HTY and
10 then increased it by 5.45% which represents the recent 5-year annualized increase in these
11 costs in determining the FTY and FPFTY expense (Lines 3 and 6).

12
13 **Q. PLEASE DESCRIBE THE ADJUSTMENTS MADE TO OTHER O&M EXPENSE**
14 **ON PAGE 24 OF EX. 4, SCH. 1?**

15 A. I adjusted the HTY costs to remove non-recurring charges, if applicable, in the HTY and
16 then increased it by 3.25% which represents the merit increase percentages as reflected on
17 Page 3 of Ex. 4, Sch. 12 in determining the FTY and FPFTY expense (Lines 3 and 6). As
18 the majority of Other O&M is labor services provided to Peoples from Essential Utilities
19 via PNG Companies, the parent company of Peoples, the merit increase is the most
20 appropriate increase. Essential provides various administrative services to both divisions
21 such as Human Resources, Information Technology, Finance, Accounting and many other
22 such services. Further, I added a \$500,000 adjustment in the FPFTY which represents new
23 initiatives as discussed in **Peoples Statement No. 8 – the Direct Testimony of Luke**
24 **Ravenstahl.**

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Q. PLEASE DESCRIBE PEOPLES' ADJUSTMENT FOR DEBT ISSUANCE COSTS ON PAGE 25 OF EX. 4, SCH. 1?

A. PNG Companies recently refinanced the revolving credit facility for debt borrowed for less than one-year which is used to help finance capital expenditures and to fund working capital, particularly in the summer months when revenues are low. The claim in this case represents Peoples' share of such debt issuance costs. I have included one year's worth of that amortization amounting to \$515,769 in our O&M expenses as shown on this page.

Q. PLEASE DESCRIBE THE COMPANY'S CLAIM FOR THIRD PARTY PAYMENT PROCESSING FEES IN THE COST OF SERVICE.

A. Currently, both Peoples Natural Gas Division and Peoples Gas Division customers can make payment through various channels such as mail, web and automated telephone ("IVR"). The costs associated with third party payment processing for certain web, IVR and walk-in payments including credit card payments are borne by customers via base rates.

Q. PLEASE DESCRIBE THE ADJUSTMENTS TO PAYMENT PROCESSING FEES MADE ON PAGE 26 OF EX. 4, SCH. 1.

A. I adjusted the HTY costs to remove non-recurring charges, if applicable, in the HTY and then increased it by 22% which represents the average percentage increase of payment processing fees over the last two years resulting from an increase in customer usage for these payment channels.

1 **Q. PLEASE EXPLAIN ANY CLAIM FOR LOBBYING EXPENSE IN THIS**
2 **PROCEEDING.**

3 A. Peoples is not making a claim for expenses related to lobbying in this case.
4

5 **Q. PLEASE EXPLAIN THE CALCULATION OF RATE CASE EXPENSES ON PAGE**
6 **27 OF EX. 4, SCH. 1.**

7 A. I have used the projected costs for outside services of \$1,920,000 related to this proceeding
8 and normalized them over two years.
9

10 **Q. WHY DID YOU SELECT TWO YEARS FOR THE NORMALIZATION OF**
11 **THESE COSTS?**

12 A. Peoples filed rate cases in 2010, 2012, 2019 and 2023. The reason seven years elapsed
13 between the 2012 case and the 2019 case was a result of the stay out period committed to
14 in the Company acquisition of the Equitable Gas Company. Further, the main reason for
15 the time that has elapsed between the 2019 and 2023 case was the result of the Company
16 receiving Accounting and Regulatory approval regarding its treatment of the tax repair
17 election in Docket No. P-2020-3021191. Specifically, the Company changed its tax
18 accounting method to define its unit of property under the IRS's tangible property
19 regulations, which allowed the Company to prospectively deduct, as an operating expense
20 on its income tax returns, the costs of certain asset improvements that otherwise would be
21 capitalized and depreciated for tax purposes. See **Peoples Statement No. 7- the Direct**
22 **Testimony of Angela Jiang** for further discussion. As a result of the above rate case history
23 the time between this rate case and the 2023 is the most appropriate as it normalizes out

1 the unique items discussed above. As such, the Company is utilizing a two-year
2 amortization of rate case expenses.

3
4 **Q. HOW DID YOU DEVELOP PEOPLES' EXPENSES FOR WRITE-OFF OF**
5 **UNCOLLECTIBLE ACCOUNTS ON PAGE 28 OF EX. 4, SCH. 2?**

6 A. The uncollectible write-off amount is based on the relationship between write-offs and
7 revenues. I have used a three-year average of write-offs as the basis for my adjustment
8 based upon the information as provided on **Ex. 19, RR-44**.

9
10 **Q. HOW WAS THE UNIVERSAL SERVICE PROGRAM ("USP") RIDER**
11 **ADJUSTMENT DETERMINED ON PAGE 29 OF EX. 4, SCH. 1?**

12 A. In order to normalize USP O&M both the O&M and revenue associated with these
13 programs were removed from the claim. This adjustment has no impact on base rates.
14 However, since the Company is proposing three incremental costs be recovered via the
15 Universal Service Rider they are reflected in the O&M Claim. See **Peoples Statement No.**
16 **10 - the Direct Testimony of Rita Black** for further discussion of these programs.

17
18 **Q. PLEASE EXPLAIN THE INCREMENTAL COSTS YOU PROPOSE TO**
19 **RECOVER IN THE UNIVERSAL SERVICE RIDER.**

20 A. There are three incremental costs we propose to recover. First is the cost associated with a
21 new LIURP Compliance Specialist. Second is the cost associated with the recurring
22 Independent Program Evaluation. This cost was normalized over a six-year period which
23 represents the frequency of this evaluation. Third is certain costs related to the Company's

1 Cares program. Refer to **Peoples Statement No. 10 – the Direct Testimony of Rita Black**
2 for more discussion.

3
4 **Q. HOW WAS THE PNG GATHERING ADJUSTMENT DETERMINED ON PAGE**
5 **30 OF EX. 4, SCH. 1?**

6 A. The adjustment in Column 2 represents the actual per books cost recorded on PNG
7 Gathering LLC's books (see discussion above). Adjustments for the FTY and FPFTY
8 represent the percentage increases as derived on the other pages of this exhibit. For
9 example, labor was adjusted by 3.25% consistent with the FTY merit increase derived on
10 **Page 3 of Ex. 4, Sch. 1.**

11
12 **Q. HOW WAS THE INTEREST EXPENSE ON CUSTOMER DEPOSITS DERIVED**
13 **ON PAGE 32 OF EX. 4, SCH. 1?**

14 A. Peoples used a twelve-month average of customer deposits which represents the customer
15 deposit amount utilized as a deduction to rate base. This average was then multiplied by
16 the current interest rate of 7%, per Chapter 14 of the Public Utility code, to determine the
17 interest on customer deposits at current rates. No adjustment is needed for the FTY or the
18 FPFTY as the Company has not projected a change to the balance of customer deposits.

19
20 **EXCESS BOOK CONTINGENCY REVERSED**

21 **Q. PLEASE DESCRIBE THE BOOK CONTINGENCY REVERSED.**

22 A. In 2025, the company reversed an excess book contingency reserve related to potential
23 Sales & Use tax exposure when management determined it was no longer needed.

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Q. WAS ANY OF THE RESERVE THAT WAS BE REVERSED COLLECTED FROM CUSTOMERS AND WHAT IS YOUR PROPOSAL?

A. As all recent cases were either unanimously or non-unanimously settled, it is not 100% clear whether O&M costs related to the build of this contingency reserve through a non-cash debit to expense were received in earlier cases. Despite this lack of clarity, we are recommending that \$3.9M be refunded to customers. Refer to **Peoples Statement No. 3 – the Direct Testimony of Carol Scanlon** for a discussion of how this amount will be refunded to customers.

TAX REPAIR SURCREDIT

Q. PLEASE EXPLAIN THE TAX REPAIR SURCREDIT CURRENTLY IN PLACE AT PEOPLES?

A. In the 2023 Base Rate Case Peoples made the following commitments related to the Tax Repair Surcredit (tax repair catch-up related):

50. Within 90 days following the effective date of new rates in this proceeding, Peoples will file a revised Tax Repair Surcharge Rider (“TRSR”) with the following adjustments:

A.) Adjustment to reflect the reduced tax benefits as a result of the reduction in the State Corporate Net Income (“CNI”) rate. The state benefit will be returned to customers in the amount monetized;

B.) Adjustment to reflect the impacts of IRS Rev. Proc. 2023-15 (“Natural Gas Safe Harbor” or “NGSH”) to the original 481(a) adjustment amount quantified in Docket No. P-2020-3021191 for the Peoples Natural Gas Division (“PNGD”).

1 C.) Adjustment to reflect the impacts of the Natural
2 Gas Safe Harbor 481(a) adjustment amount for the
3 Peoples Gas Division (“PGD”);

4 D.) Adjustment to reflect the impact of the 481(a)
5 adjustment for Mandatory Relocations; and

6 E.) Extend the amortization period from the 5 years
7 to 10 years including the amortized portion of the
8 previous surcredit authorized in Docket No. P-2020-
9 3021191, including the aforementioned adjustments.

10 F.) Approval to defer in a regulatory liability all state
11 tax benefits related to the aforementioned adjustments,
12 including the full amount of state tax benefit addressed
13 in Docket No. P-2020-3021191, for return to customers
14 subject to monetization of Pennsylvania state Net
15 Operating Losses.

16 51. The TRSR will apply to all customers of the
17 combined Company, except for customers with
18 negotiated rates.
19

20 **Q. HAS THE COMPANY IMPLEMENTED THE ABOVE COMMITMENTS.**

21 A. Yes. On December 20, 2024, the Company made the above-referenced filing at Docket No.
22 R-2023-3044549 to incorporate all of the above changes.
23

24 **Q. ARE YOU PROPOSING ANY CHANGES IN THIS PROCEEDING TO THE TAX**
25 **REPAIR SURCREDIT?**

26 A. No. Regarding the current and ongoing benefit, the Company has reflected in its claim for
27 income tax expense the expected repairs deduction to be realized, what I refer to as the
28 “current repair deduction”. As far as the catch-up deductions, we will continue to honor the
29 commitments made above.
30

1 **Q. IS THERE ANYTHING ELSE YOU WOULD LIKE TO ADDRESS REGARDING**
2 **TAX REPAIRS?**

3 A. Yes. I would like to discuss the “Collar” proposal related to tax repairs.
4

5 **Q. PLEASE PROVIDE BACKGROUND ON THE COLLAR RELATED TO TAX**
6 **REPAIRS.**

7 A. In Docket No. P-2020-3021191, the Company was instructed to propose a collar for current
8 repairs deductions similar to the one that was approved for our affiliate companies Aqua
9 Pennsylvania, Inc. & Aqua Pennsylvania Wastewater, Inc., in Docket Nos. R-2018-
10 3003558/3003561 & R-2021-3027385/3027386. As such, in the 2023 Base Rate proceeding
11 at Docket No. R-2023-3044549 the Company proposed a collar mechanism which was
12 ultimately approved. Below are the terms as provided for in the Order:

13 53. Effective with Calendar Year 2025, the level of tax repair
14 benefits claimed in the calculation of income tax expense shall
15 have a collar of \$10 million applied on the higher and lower
16 end of the net repairs deductions incorporated into base rates.
17 If the net repairs deductions for Peoples vary by more than \$10
18 million above or below the \$390,000,000 amount included in
19 base distribution rates in this proceeding, Peoples will record
20 a regulatory asset or liability for the related income tax
21 expense impacts of the repairs deduction variations above
22 \$400,000,000 or below \$380,000,000. The effective date of
23 the collar will be January 1, 2025.

24 54. Peoples shall report on the regulatory asset or liability
25 amounts of the net repairs deduction income tax impacts in its
26 quarterly earnings reports after the conclusion of the FPFTY.
27 Within 30 days of reporting a regulatory asset or liability with
28 a net cumulative income tax impact amount of \$25 million or
29 larger, Peoples shall file with the Commission and shall copy
30 the statutory parties, a plan for recovering or refunding the
31 regulatory asset or liability amount to customers.

32 55. If there are remaining deferrals of the differences in
33 income tax expense for Peoples’ net repairs deductions, the

1 balance shall be addressed in Peoples' next base rate case
2 based on the recorded regulatory asset and liability amounts.

3 56. Whether similar recording of the impact on current income
4 tax expense from net repairs deduction variations above or
5 below a collar in a regulatory asset or liability account should
6 continue shall also be re-evaluated in Peoples' next base rate
7 case.

8
9 **Q. WHAT ARE YOU PROPOSING AS THE PROSPECTIVE COLLAR?**

10 A. We propose to update the repairs amounts and the collar limits in this case as follows:

11 Effective with Calendar Year 2027, the level of tax repair
12 benefits claimed in the calculation of income tax expense shall
13 have a collar of \$13.5 million applied on the higher and lower
14 end of the net repairs deductions incorporated into base rates.
15 If the net repairs deductions for Peoples vary by more than
16 \$13.5 million above or below the approximately \$507.5
17 amount included in base distribution rates in this proceeding,
18 Peoples will record a regulatory asset or liability for the related
19 income tax expense impacts of the repairs deduction variations
20 above \$521.0 million or below \$494 million. The effective
21 date of the new collar will be January 1, 2027.
22

23 Please note the Company will continue to track against the 2023 rate case collar
24 amounts for calendar year 2026.
25

26 **Q. DOES THE COMPANY HAVE A REGULATORY ASSET OR LIABILITY**
27 **RELATED TO THE TAX REPAIRS COLLAR TO ADDRESS IN THIS CASE?**

28 A. For calendar year 2025 the Company has recorded a regulatory liability of \$1.0 million
29 before the gross-up for taxes based on the Company's estimate of the net repairs deduction
30 for calendar year 2025 of \$404.8 million, which was approximately \$4.8 million above the
31 top range of the 2023 Rate Case Collar of \$400.0 million. Refer to **Peoples Statement No.**
32 **3 – the Direct Testimony of Carol Scanlon** for a discussion of how this amount will be

1 refunded to customers.

2

3 **Q. DO YOU HAVE AN ESTIMATE FOR THE POTENTIAL REGULATORY ASSET**
4 **OR LIABILITY FOR CALENDAR YEAR 2026?**

5 A. Based on current projections of qualifying capital spend, the Company estimates that is
6 will likely record a regulatory liability of more than \$15 million (before the gross-up for
7 taxes) for projected net repairs deduction in excess of the \$400.0 million collar established
8 in the 2023 Rate Case. Refer to **Peoples Statement No. 3 – the Direct Testimony of**
9 **Carol Scanlon** for a discussion of how this amount will be refunded to customers.

10

11 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

12 A. Yes, it does.

Appendix A

Reference	FR/SDR#
Ex. 1, Sch. 4	53.53.II.A.18
Ex. 1, Sch. 18	53.53.III.A.13
Ex. 2, Sch. 9	53.53.III.E.21
Ex. 4, Sch. 1	53.53.III.E.17
Ex. 4, Sch. 2	53.53.III.A.20
Ex. 4, Sch. 3	53.53.III.A.21
Ex. 4, Sch. 4	53.53.III.A.25
Ex. 4, Sch. 5	53.53.III.A.29
Ex. 4, Sch. 6	53.53.III.A.33
Ex. 4, Sch. 7	53.53.III.A.22
Ex. 4, Sch. 8	53.53.III.A.23
Ex. 4, Sch. 9	53.53.III.A.24
Ex. 4, Sch. 10	53.53.III.A.27
Ex. 4, Sch. 11	53.53.III.A.28
Ex. 4, Sch. 12	53.53.III.A.31
Ex. 4, Sch. 13	53.53.III.A.32
Ex. 4, Sch. 14	53.53.III.A.30
Ex. 4, Sch. 15	53.53.III.A.34
Ex. 4, Sch. 16	53.53.III.A.35
Ex. 4, Sch. 17	53.53.III.A.36
Ex. 4, Sch. 18	53.53.III.A.37
Ex. 4, Sch. 20	53.53.III.E.29
Ex. 4, Sch. 21	53.53.III.E.33
Ex. 4, Sch. 22	53.53.III.E.34
Ex. 13, Sch. 1	53.53.III.A.39
Ex. 13, Sch. 2	53.52(a)(6)
Ex. 13, Sch. 3	53.53.II.A.13
Ex. 13, Sch. 4	53.53.III.A.40
Ex. 13, Sch. 5	53.53.III.A.44
Ex. 13, Sch. 6	53.53.III.A.46
Ex. 13, Sch. 8	53.53.III.A.41
Ex. 13, Sch. 9	53.53.III.A.19
Ex. 13, Sch. 12	53.52(a)(11)
Ex. 13, Sch. 13	53.52(b)(1)
Ex. 13, Sch. 14	53.52(a)(5)
Ex. 13, Sch. 15	53.52(a)(10)
Ex. 13, Sch. 16	53.52(a)(7)

Reference	FR/SDR#
Ex. 13, Sch. 17	53.52(a)(8)
Ex. 13, Sch. 18	53.52(a)(9)
Ex. 15, Sch. 4	53.53.II.A.24
Ex. 16, Sch. 14	53.53.II.A.16
Ex. 16, Sch. 15	53.53.II.A.17
Ex. 17, COS 1	COS 1
Ex. 18, ROR 3	ROR 3
Ex. 18, ROR 8	ROR 8
Ex. 18, ROR 13	ROR 13
Ex. 18, ROR 14	ROR 14
Ex. 18, ROR 16	ROR 16
Ex. 18, ROR 22	ROR 22
Ex. 18, ROR 23	ROR 23
Ex. 19, RR 15	RR 15
Ex. 19, RR 19	RR 19
Ex. 19, RR 20	RR 20
Ex. 19, RR 21	RR 21
Ex. 19, RR 26	RR 26
Ex. 19, RR 27	RR 27
Ex. 19, RR 28	RR 28
Ex. 19, RR 29	RR.29
Ex. 19, RR 30	RR.30
Ex. 19, RR 31	RR.31
Ex. 19, RR 32	RR 32
Ex. 19, RR 33	RR 33
Ex. 19, RR 34	RR 34
Ex. 19, RR 37	RR 37
Ex. 19, RR 40	RR 40
Ex. 19, RR 43	RR 43
Ex. 19, RR 46	RR 46
Ex. 19, RR 47	RR 47
Ex. 19, RR 50	RR 50
Ex. 19, RR 51	RR 51
Ex. 19, RR 52	RR 52
Ex. 19, RR 53	RR 53
Ex. 19, RR 54	RR 54

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
 :
v. : Docket No. R-2026-3060855
 :
 :
PEOPLES NATURAL GAS COMPANY LLC :

**PREPARED DIRECT TESTIMONY OF
CAROL A. SCANLON,
MANAGER, RATES
PNG COMPANIES LLC**

DATE SERVED: March 27, 2026
DATE ADMITTED: _____

Peoples Statement No. 3

**PREPARED DIRECT TESTIMONY OF
CAROL A. SCANLON**

I. INTRODUCTION

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Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Carol A. Scanlon. My business address is 375 North Shore Drive, Pittsburgh, PA 15212.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by PNG Companies LLC (“PNG Companies” or “PNG”) as Rates Manager. In my position as Rates Manager, I provide rates and regulatory services to Peoples Natural Gas Company LLC (“Peoples”, “Peoples Natural Gas”, or the “Company”).

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. I graduated from the University of Pittsburgh in 1994 with a Bachelor of Science Degree in Business Administration with a concentration in Finance, and from Robert Morris University in 2001 with a Master’s Degree in Business Administration. My career began with the former Equitable Gas Company (“EGC”) in 2004, where I was employed in various positions of increasing responsibility. I started with EGC as a Senior Financial Analyst supporting the Collections and Compliance areas of the business. In March 2006, I transitioned to the role of Supervisor of Collections and Analysis. I was in that role until August of 2007, when I was promoted to the Manager of Account Maintenance, during which time I directed the activities of the Audit and Back Office departments. In May 2009, I was promoted to Manager of Commercial and Residential Analysis. In June 2010, I was promoted to Manager of Rates. I continued in that role until December 17, 2013, at which

**PREPARED DIRECT TESTIMONY OF
CAROL A. SCANLON**

1 time EGC was acquired by PNG Companies and merged into Peoples Natural Gas. At that
2 time, I transitioned to Peoples Natural Gas as a Rate Consultant. In August 2017, I was
3 promoted to Manager of Transportation and Revenue. In this role, I managed revenue
4 reporting and the team responsible for all interactions with the Natural Gas Suppliers
5 (“NGSs”). In April 2018, I moved back to the Regulatory team as the Rates Manager.

6
7 **Q. WHAT ARE YOUR RESPONSIBILITIES FOR PURPOSES OF THIS**
8 **PROCEEDING?**

9 A. I will present Peoples’ overall revenue requirement for non-gas costs. In addition, I will
10 support proposed revisions to the universal service rider and changes to miscellaneous
11 service charges and other rider amounts.

12
13 **Q. PLEASE LIST THE EXHIBITS AND FILING REQUIREMENTS THAT YOU ARE**
14 **SPONSORING AS A WITNESS.**

15 A. Please refer to Appendix A to this testimony for a complete list of the filing requirements for
16 which I am the responsible witness. Additionally, I am sponsoring **Peoples Natural Gas**
17 **Exhibit No. CAS-1** and **Peoples Natural Gas Exhibit No. CAS-2.**

18
19 **II. OVERALL REVENUE REQUIREMENT (EXHIBIT NO. 2)**

20 **Q. WHAT IS THE ADDITIONAL PROPOSED NON-GAS COST RECOVERY**
21 **AMOUNT IN THIS PROCEEDING?**

22 A. Approximately \$163.2M of additional revenues are required for Peoples to recover its non-
23 gas costs. This is additional revenue above Peoples’ current non-gas revenues.

**PREPARED DIRECT TESTIMONY OF
CAROL A. SCANLON**

1 **Q. WHAT DO YOU MEAN BY THE TERM NON-GAS COST REVENUE**
2 **REQUIREMENT?**

3 A. Peoples' non-gas costs are the costs incurred to provide utility service, other than the
4 commodity cost of natural gas, which is generally recovered in the Commission's annual
5 1307(f) proceedings.

6

7 **Q. HOW WAS THAT AMOUNT DETERMINED?**

8 A. The Company's non-gas revenue requirement is comprised of the individual cost
9 components introduced and supported by the other witnesses in this proceeding.
10 Specifically, these individual components include: (1) operation and maintenance expenses
11 presented by witness Andrew Wachter (**Peoples Statement No. 2**); (2) depreciation and
12 amortization expense and negative salvage expense to which witness John Spanos has
13 testified (**Peoples Statement No. 16**); (3) taxes other than income taxes supported by
14 witness Rudolph Hanechak (**Peoples Statement No. 11**); (4) a return allowance which is
15 the product of an overall rate of return of 8.23%, to which witness Jennifer Nelson has
16 testified (**Peoples Statement No. 15**), rate base supported by witness Nick Tufarolo
17 (**Peoples Statement No. 12**); and (5) federal and state income taxes to which witness
18 Angela Jiang has testified (**Peoples Statement No. 7**).

19

20 **Q. CAN YOU SUMMARIZE THE REVENUE REQUIREMENT?**

21 A. Yes. Below is a table which summarizes the major components of the non-gas revenue
22 requirement necessary to recover Peoples' Fully Projected Future Test Year ("FPFTY")

**PREPARED DIRECT TESTIMONY OF
CAROL A. SCANLON**

1 expenses and a fair return on plant investment at the end of the FPFTY as compared to the
2 revenue at present rates.

<u>Revenue Requirement</u>	
Equity Return	\$ 351,062,759
Interest Expense	120,341,931
Depreciation	181,181,596
Expenses & TOTI	236,226,119
Income Taxes	<u>(46,945,793)</u>
Revenue Requirement	841,866,612
Revenue at Current Rates	<u>678,694,674</u>
Requested Rate Increase	\$ 163,171,938

3
4
5 **Q. WHAT EXHIBIT PROVIDES THE REVENUE REQUIREMENT?**

6 A. Exhibit 2, Schedule 4 (53.53.III.A.17) provides the income statement for each period in the
7 case (the Historic Test Year (“HTY”), the Future Test Year (“FTY”), and the FPFTY) at
8 present and proposed rates (pages 2). Further, page 3 of Exhibit 2, Schedule 4 provides a
9 calculation of proforma interest expense, page 4 provides rate of return on rate base
10 including the derivation of the gross revenue conversion factors, and page 5 provides the
11 derivation of the adjustments to proposed rates necessary to derive projected rates. This
12 results in an overall increase in revenues of \$163,171,938.

13
14 **III. UNIVERSAL SERVICE RIDER**

15 **Q. IS THE COMPANY PROPOSING CHANGES TO THE UNIVERSAL SERVICE**
16 **RIDER?**

17 A. Yes. I am sponsoring two changes to Peoples’ universal service rider in this proceeding, as
18 described in further detail below. The first change is a revision to the bad debt offset
19 calculation, specifically the Customer Assistance Program (“CAP”) participation level that

**PREPARED DIRECT TESTIMONY OF
CAROL A. SCANLON**

1 prompts when the bad debt offset is applicable and the uncollectible percentage amount
2 used in the calculation. The second overall change to the rider is related to a defined credit
3 adjustment to offset universal service rider charges that non-CAP residential customers
4 incur.

5
6 **Q. PLEASE DESCRIBE THE PROPOSED BAD DEBT OFFSET CALCULATION
7 REVISIONS YOU MENTION.**

8 A. The Company is proposing revisions to the bad debt offset calculation in this proceeding.
9 The reason for the proposed changes is to align both the CAP participation level and the
10 uncollectible percentage used in the bad debt offset calculation with more recently
11 experienced trends. Specifically, Peoples proposes the threshold amount to trigger the bad
12 debt offset calculation be increased to CAP enrollment in excess of 39,010. This is the base
13 number of projected CAP participants used to set rates in this proceeding, as evidenced in
14 **Peoples Natural Gas Exhibit No. 3, Schedule 15** Attachment F for the FPFTY (page 5 of
15 6).

16 In relation to the bad debt offset calculation uncollectible percentage, Peoples is
17 proposing to use the recent three-year average of residential uncollectible activity. Refer to
18 **Peoples Exhibit No. 19, RR-44**. As shown in the referenced exhibit, the three-year average
19 residential uncollectible rate is 1.93%. This uncollectible percentage corresponds with the
20 uncollectible percentage used to establish base rates in this proceeding.

21
22 **Q. PLEASE DESCRIBE THE OTHER CHANGE YOU ARE PROPOSING TO THE
23 UNIVERSAL SERVICE RIDER.**

**PREPARED DIRECT TESTIMONY OF
CAROL A. SCANLON**

1 A. The other change is related to providing a defined credit that would offset universal service
2 charges for a period of time. This offset would ultimately reduce the universal service
3 charge rate per Mcf.

4

5 **Q. PLEASE ELABORATE.**

6 A. In **Peoples Statement No. 2**, witness Andrew Wachter discusses a sales and use tax refund
7 of \$3.9M (Page 22, Line 1). Further, Mr. Wachter discusses the tax repairs deduction collar
8 beginning on Page 23, Line 20. In his proposal, Mr. Wachter indicates the Company will
9 continue to track against the 2023 rate case collar amount through calendar year 2026. As
10 a result, in calendar year 2025, the Company recorded a regulatory liability of \$1.0 million
11 (before the gross-up for taxes) that will be refunded to customers.

12 Peoples is proposing to refund both of the above items to non-CAP residential
13 customers through the universal service rider during the period of January 1, 2027 through
14 March 31, 2027. **Peoples Natural Gas Exhibit No. CAS-1** contains an illustrative example
15 of the mechanics of the refund, as compared to Peoples' currently effective universal
16 service rider rate as of February 12, 2026. **Peoples Natural Gas Exhibit No. CAS-2**
17 contains the same illustrative example as shown in **Peoples Natural Gas Exhibit No.**
18 **CAS-1**, but outlines the calculation of the refund amount in Year 2. The Year 2 refund
19 amount does not include a refund for sales and use tax , but includes a larger amount related
20 to the tax repairs deduction collar.

21

22 **Q. WHICH CUSTOMERS ARE SUBJECT TO THE UNIVERSAL SERVICE**
23 **CHARGE RIDER?**

**PREPARED DIRECT TESTIMONY OF
CAROL A. SCANLON**

1 A. The universal service charge rider applies to residential customers that are not enrolled in
2 the CAP program.

3

4 **Q. WHY ARE YOU PROPOSING THE CREDIT TO CUSTOMERS IN THIS**
5 **FASHION?**

6 A. Residential customers that are not enrolled in CAP contribute to the universal service
7 program charges. Reducing the costs of these universal service programs is a measure
8 towards maintaining affordability for customers, including reducing the universal service
9 cost burden for all residential customers, while not needing to scale back the underlying
10 universal service programs for the most vulnerable customers. Specifically, income eligible
11 customers who are not participating in CAP and customers with incomes that exceed CAP
12 eligibility but that still struggle to make ends meet would benefit from this proposal as it
13 would reduce the monthly bill obligations. If the credits were flowed back through base
14 rates to all customers, the amount of credit per customer group would be less and not as
15 impactful for residential customers, including those with the most difficulty meeting their
16 monthly bill obligation. Please refer to **Peoples Statement No. 10. - the Direct Testimony**
17 **of Rita Black**, for further discussion on why this approach is reasonable.

18

19 **Q. CAN YOU SUMMARIZE THE CHANGES SHOWN IN PEOPLES NATURAL**
20 **GAS EXHIBIT NO. CAS-1?**

21 A. Yes. Page 5 of 5 in **Peoples Natural Gas Exhibit No. CAS-1** outlines the anticipated credit
22 amounts to be refunded beginning January 1, 2027 through March 31, 2027 upon approval
23 of the proposal in this case. Page 5 of 5 includes the sales & use tax credit of \$3.9M and

**PREPARED DIRECT TESTIMONY OF
CAROL A. SCANLON**

1 the estimated collar refund amount of \$1,268,768, once grossed up for taxes, for calendar
2 year 2025. Summing these two amounts together equates to a total credit amount of
3 \$5,168,768. Next, the total credit of \$5,168,768, is divided by the projected throughput
4 for January 2027 through March 2027 to arrive at a credit adjustment of \$0.1924 per Mcf.
5 From here, the credit adjustment of \$0.1924 per Mcf is carried forward to page 1 of 5 and
6 then added to the Proposed Rider Universal Surcharge per Mcf and the Reconciliation
7 Adjustment Amount per Mcf. The net result of the Total Proposed Rider Universal Service
8 Surcharge is \$0.9031 per Mcf compared to the current rate in effect of \$1.0955 per Mcf.
9 Pages 2 through 4 of **Peoples Natural Gas Exhibit No. CAS-1** do not have any changes
10 corresponding with this proposal.

11
12 **Q. WHY DOES PAGE 5 OF 5 CALCULATE A RATE USING JANUARY- MARCH**
13 **THROUGHPUT RATHER THAN ANNUAL THROUGHPUT?**

14 A. Peoples' proposal is to provide the refund over an accelerated period of January 1st through
15 March 31st each year. The reason for doing so is because usage is generally higher in these
16 historically colder months. Therefore, residential customers will receive a larger benefit
17 when they are subject to higher bills.

18
19 **Q. CAN YOU SUMMARIZE THE CHANGES SHOWN IN PEOPLES NATURAL**
20 **GAS EXHIBIT NO. CAS-2?**

21 A. Yes. **Peoples Natural Gas Exhibit No. CAS-2** is almost identical to the illustration shown
22 in **Peoples Natural Gas Exhibit No. CAS-1**. The key difference is on page 5 of 5 in the
23 exhibit, in the form of the line items that are summed together to produce the total credit

**PREPARED DIRECT TESTIMONY OF
CAROL A. SCANLON**

1 amount to be refunded in Year 2. Explicitly, Year 2 of the credit calculation includes a line
2 item for a true-up of the collar refund amount for calendar year 2025. This component of
3 the calculation is to true up any variance between the projected credit amount and the actual
4 credit amount resulting from estimated to actual throughput variances. Further, as
5 mentioned above, the Year 2 refund amount does not include a refund for sales and use
6 tax, but includes a larger amount related to the tax repairs deduction collar.

7
8 **Q. WILL THE CREDIT ADJUSTMENTS BE IN PERPETUITY?**

9 A. No. Based on People’s proposal, the last period of time that a credit related to this initiative
10 would be included is the rate effective January 1, 2029 – March 31, 2029. The initial credit
11 amount, as presented in **Peoples Natural Gas Exhibit No. CAS-1**, would be effective
12 January 1, 2027 – March 31, 2027. The Year 2 credit amount, as well as the true up from
13 Year 1 would be effective January 1, 2028 – March 31, 2028, as shown in **Peoples Natural
14 Gas Exhibit No. CAS-2**. Finally, the last stage of the credit containing only the true up of
15 Year 2, would be effective January 1, 2029 – March 31, 2029.

16
17 **IV. MISCELLANEOUS SERVICE CHARGES AND OTHER RIDERS**

18 **Q. IS THE COMPANY PROPOSING CHANGES TO MISCELLANEOUS SERVICE
19 CHARGES AND OTHER RIDERS?**

20 A. Yes, to some.

21
22 **Q. WHICH ONES?**

**PREPARED DIRECT TESTIMONY OF
CAROL A. SCANLON**

1 A. The tables below outlines the proposed changes to miscellaneous service charges and other
2 riders in this proceeding. These changes are also detailed in the Company’s proposed tariffs
3 found in **Peoples Exhibit No. 14, Schedule No. 1.**
4

Retail Tariff				
Description	Current Amount ^{1/}		Proposed Amount	
Reconnection				
Residential	\$	56	\$	58
Commercial	\$	114	\$	58
Dishonored Payment				
	\$	26	\$	19
Merchant Function Charge (MFC)				
Residential		2.200% Uncollectible percentage		1.9300% Uncollectible percentage
C&I		0.332% Uncollectible percentage		0.4233% Uncollectible percentage
Residential		0.1699 Per Mcf ^{1/}	\$	0.1490 per Mcf
C&I	\$	0.0256 Per Mcf ^{1/}	\$	0.0327 per Mcf
Gas Procurement Charge (GPC)	\$	0.0865 per Mcf		0.0984 per Mcf

Supplier Tariff				
Description	Current Amount ^{1/}		Proposed Amount	
Supplier Billing fee	\$	0.150 per bill	\$	0.250 per bill
POR Admin Adder		0.0213%		0.0000%
POR Uncollectible Amount				
Residential		2.200% Uncollectible percentage		1.9300% Uncollectible percentage
C&I		0.332% Uncollectible percentage		0.4233% Uncollectible percentage

^{1/} As of February 12, 2026

5
6
7 **Q. WHY ARE THE ABOVE CHANGES BEING PROPOSED?**

8 A. Generally, the processes involved and associated costs incurred to perform the underlying
9 functions have been re-evaluated, consistent with the FPPTY in this case. In the case of the
10 Purchase of Receivable (“POR”) admin adder, the costs to establish the POR program are
11 recovered; so the Company is proposing to eliminate the administrative adder applicable
12 to purchased receivables.
13

**PREPARED DIRECT TESTIMONY OF
CAROL A. SCANLON**

1 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

2 A. Yes. I reserve the right to supplement my testimony as other issues arise during the course
3 of this proceeding. Thank you.

**PREPARED DIRECT TESTIMONY OF
CAROL A. SCANLON**

Appendix A

Filing Requirements Sponsored by Carol Scanlon

<u>Exhibit/SDR</u>	<u>Filing Requirement</u>
Ex. 1, Sch. 22	53.52(d)(1)
Ex. 2, Sch. 3	53.53.II.A.22
Ex. 2, Sch. 4	53.53.III.A.17
Ex. 12, Sch. 8	53.53.III.E.25
Ex. 12, Sch. 14	53.53.IV.B.13
Ex. 17, COS 9	VI.III.COS.9

**Peoples Natural Gas Company LLC
Rider Universal Service Costs**

		PROPOSED Effective 1/1/2027	CURRENT Effective 2/12/2026
<u>CAP</u>			
CAP Credit (Shortfall or deficiency)	Page 2	\$ 41,843,789	\$ 41,843,789 ^{2/}
Arrearage Forgiveness	Page 2	\$ 5,751,816	\$ 5,751,816 ^{2/}
CAP Administration - Third Party Administrator	Page 3	\$ 1,441,385	\$ 1,441,385
Total CAP Expenses		\$ 49,036,990	\$ 49,036,990
<u>Other Universal Services</u>			
LIURP	Page 3	\$ 5,997,528	\$ 5,997,528 ^{1/}
Emergency Line Repair	Page 3	\$ 1,500,000	\$ 1,500,000 ^{3/}
Billing System Modifications to Support LIHEAP State Plan	Page 3	\$ -	\$ -
Total Other Universal Services			\$ 7,497,528
Total Projected Universal Service Program Costs		\$ 56,534,518	\$ 56,534,518
Residential Non-CAP Throughput		51,091,555	51,091,555
Proposed Rider Universal Surcharge per Mcf		\$ 1.1065	\$ 1.1065
Plus: Reconciliation Adjustment Dollars - (Over)/Under Recovery	Page 4	\$ (565,410)	\$ (565,410)
Plus: Reconciliation Adjustment Amount - (Over)/Under Recovery	Page 4	\$ (0.0111)	\$ (0.0111)
Plus: Rate Case Refund Amount - (Refund)/ Recovery	Page 5	\$ (0.1924)	\$ -
Total Proposed Rider Universal Service Surcharge per Mcf		\$ 0.9031	\$ 1.0955

^{1/} Adjusted to reflect Low Income Stipulation at Docket No. R-2023-3044549.

^{2/} Includes E-CAP Customers

^{3/} Per commitment from Aqua acquisition at Docket A-2018-3006061, Peoples agreed to recover LIURP emergency furnace repair three years post closing in universal service rider.

**Peoples Natural Gas Company LLC
Rider Universal Service Costs
Calculation of CAP Credits and Arrearage Forgiveness**

<u>CAP Credit Calculation</u>			
1 Active CAP Accounts (including E-CAP) + Projected Enrollments			39,100
2 CAP enrollment level as established @ Docket R-2023-3044549			30,800
3 Current Average CAP Payment			53 ^{1/}
4 Average CAP Usage			112
<u>Average Bill Calculation</u>			
5 Monthly Service Charge		\$	17.2965
6 Usage charge per MCF		\$	13.5031
7 Average Annual Bill	(Line 5 * 12) + (Line 4 * Line 6)	\$	1,721
8 Annual average CAP Payments per customer	(Line 3 * 12)	\$	640
9 Annual average CAP Credit per customer	(Line 7 - Line 8)	\$	1,081
10 Projected CAP credit (shortfall)	(Line 2 * Line 9)	\$	33,293,517
<u>Incremental Enrollments</u>			
11 Incremental enrollment above established level (Including E-CAP customers)	(Line 1- Line 2)		8,300
12 Projected Cap Credit for incremental enrollments	(Line 9 * Line 11)	\$	8,971,954
13 Bad Debt Offset for Incremental enrollments	(4.70% * Line 12)	\$	421,682 ^{3/}
14 Net Projected CAP Credit (shortfall) for Incremental Enrollments	(Line 12 - Line 13)	\$	8,550,272
<u>Total CAP Credits</u>			
15 Total Projected CAP Credits	(Line 10 + Line 14)	\$	41,843,789
<u>Arrearage Forgiveness</u>			
<u>Enrollments to Established level</u>			
16 Enrollments up to established level			30,800
17 Average Arrearage Forgiveness per cust.		\$	149 ^{2/}
18 Total Projected Annual Arrearage Forgiveness	(Line 16 * Line 17)	\$	4,576,502
<u>Incremental Enrollments</u>			
19 Projected Incremental Enrollment above established level (Including E-CAP custor	(Line 11)		8,300
20 Average Arrearage Forgiveness per cust.	(Line 17)	\$	149 ^{2/}
21 Total Projected Annual Arrearage Forgiveness	(Line 19 * Line 20)	\$	1,233,278
22 Bad Debt Offset for Incremental Enrollments	(4.70% * Line 21)	\$	57,964 ^{3/}
23 Net Annual Arrearage Forgiveness for Incremental Enrollments	(Line 21 - Line 22)	\$	1,175,314
24 Total Projected Annual Arrearage Forgiveness	(Line 18 + Line 23)	\$	5,751,816

^{1/} Per Docket No. M-2018-3003177, monthly CAP Plus charges eliminated and no longer included in the total monthly CAP payment.

^{2/} Projected Arrearage Forgiveness is based upon average forgiveness per customer over the Jan 2025 - Dec 2025 period.

^{3/} Bad Debt Offset percentage modified to 4.70% from base rate case R-2023-3044549

**Peoples Natural Gas Company LLC
Rider Universal Service Costs
Universal Service Programs and Administrative Costs**

	<u>Annual Cost</u>
<u>CAP Administration</u>	
1 Third Party Administrator	\$ 1,441,385
<u>Other Universal Services</u>	
2 Low Income Usage Reduction Program (LIURP)	\$ 5,997,528 ^{2/}
3 Emergency Line Repair	\$ 1,500,000 ^{3/}
4 Billing System Modifications to Support LIHEAP State Plan	\$ - ^{1/}
5 Total Program Costs -- Other Universal Services (Lines 2 through 4)	<u>\$ 7,497,528</u>
6 Total Administrative & Program Costs (Line 1 + Line 5)	\$ 8,938,913

^{1/} Billing System Modifications to Support the LIHEAP State Plan were approved through Peoples' base rate proceeding at Docket No. R-2012-2285985.

^{2/} Adjusted to reflect Low Income Stipulation at Docket No. R-2023-3044549.

^{3/} Peoples filed and served Petition at Docket P-2025-3053645 which was approved to amend 2019 USECP to increase annual budget for Emergency Furnace and Service Line repair to \$1,500,000.

Peoples Natural Gas Company LLC
Rider Universal Service - Annual Reconciliation and Rate Adjustment
Annual Reconciliation of CAP Costs to CAP Recoveries

	<u>Reconciliation</u> <u>Rate Adjustment</u>
Prior Period Over/ (Under) Collection	\$ (8,076,204)
Actual Total CAP Costs	\$ 29,797,693
Less:	
<u>Cost Offsets for Customers</u>	\$ (95,924)
Audit Adjustment	\$ 94,108 ^{1/}
Total CAP Recoveries	<u>\$ 38,437,491</u>
Over / (Under) Recoveries	\$ 565,410
Residential throughput (Mcf)	<u>\$ 51,091,555</u>
Reconciliation Rate Adjustment	<u><u>\$ (0.0111)</u></u>

^{1/} Per audit findings from PNG Universal Service Rider audit at Docket Nos. D-2023-3037511 and D-2024-3041986, an adjustment made to recover costs due to prior miscalculation.

Peoples Natural Gas Company LLC
Rate Case Refund Amount
Effective 1/1/2027 - 3/31/2027

Sales & Use Tax Credit	\$	(3,900,000)
Collar Refund Credit - 2025 Calendar Year Est	\$	<u>(1,268,768)</u>
Total Credit (Refund)/ Recovery	\$	(5,168,768)
Residential throughput (Mcf) - Jan 2027 - Mar 2027	\$	<u>26,870,000</u>
Credit Adjustment per Mcf - (Refund)/ Recovery	\$	<u><u>(0.1924)</u></u>

**Peoples Natural Gas Company LLC
Rider Universal Service Costs**

		PROPOSED Effective 1/1/2028	CURRENT Effective 2/12/2026
<u>CAP</u>			
CAP Credit (Shortfall or deficiency)	Page 2	\$ 41,843,789	\$ 41,843,789 ^{2/}
Arrearage Forgiveness	Page 2	\$ 5,751,816	\$ 5,751,816 ^{2/}
CAP Administration - Third Party Administrator	Page 3	\$ 1,441,385	\$ 1,441,385
Total CAP Expenses		\$ 49,036,990	\$ 49,036,990
<u>Other Universal Services</u>			
LIURP	Page 3	\$ 5,997,528	\$ 5,997,528 ^{1/}
Emergency Line Repair	Page 3	\$ 1,500,000	\$ 1,500,000 ^{3/}
Billing System Modifications to Support LIHEAP State Plan	Page 3	\$ -	\$ -
Total Other Universal Services			\$ 7,497,528
Total Projected Universal Service Program Costs		\$ 56,534,518	\$ 56,534,518
Residential Non-CAP Throughput		51,091,555	51,091,555
Proposed Rider Universal Surcharge per Mcf		\$ 1.1065	\$ 1.1065
Plus: Reconciliation Adjustment Dollars - (Over)/Under Recovery	Page 4	\$ (565,410)	\$ (565,410)
Plus: Reconciliation Adjustment Amount - (Over)/Under Recovery	Page 4	\$ (0.0111)	\$ (0.0111)
Plus: Rate Case Refund Amount - (Refund)/ Recovery	Page 5	\$ (0.5582)	\$ -
Total Proposed Rider Universal Service Surcharge per Mcf		\$ 0.5372	\$ 1.0955

^{1/} Adjusted to reflect Low Income Stipulation at Docket No. R-2023-3044549.

^{2/} Includes E-CAP Customers

^{3/} Per commitment from Aqua acquisition at Docket A-2018-3006061, Peoples agreed to recover LIURP emergency furnace repair three years post closing in universal service rider.

**Peoples Natural Gas Company LLC
Rider Universal Service Costs
Calculation of CAP Credits and Arrearage Forgiveness**

<u>CAP Credit Calculation</u>		
1 Active CAP Accounts (including E-CAP) + Projected Enrollments		39,100
2 CAP enrollment level as established @ Docket R-2023-3044549		30,800
3 Current Average CAP Payment		53 ^{1/}
4 Average CAP Usage		112
 <u>Average Bill Calculation</u>		
5 Monthly Service Charge		\$ 17.2965
6 Usage charge per MCF		\$ 13.5031
7 Average Annual Bill	(Line 5 * 12) + (Line 4 * Line 6)	\$ 1,721
8 Annual average CAP Payments per customer	(Line 3 * 12)	\$ 640
9 Annual average CAP Credit per customer	(Line 7 - Line 8)	\$ 1,081
10 Projected CAP credit (shortfall)	(Line 2 * Line 9)	\$ 33,293,517
 <u>Incremental Enrollments</u>		
11 Incremental enrollment above established level (Including E-CAP customers)	(Line 1 - Line 2)	8,300
12 Projected Cap Credit for incremental enrollments	(Line 9 * Line 11)	\$ 8,971,954
13 Bad Debt Offset for Incremental enrollments	(4.70% * Line 12)	\$ 421,682 ^{3/}
14 Net Projected CAP Credit (shortfall) for Incremental Enrollments	(Line 12 - Line 13)	\$ 8,550,272
 <u>Total CAP Credits</u>		
15 Total Projected CAP Credits	(Line 10 + Line 14)	\$ 41,843,789
 <u>Arrearage Forgiveness</u>		
 <u>Enrollments to Established level</u>		
16 Enrollments up to established level		30,800
17 Average Arrearage Forgiveness per cust.		\$ 149 ^{2/}
18 Total Projected Annual Arrearage Forgiveness	(Line 16 * Line 17)	\$ 4,576,502
 <u>Incremental Enrollments</u>		
19 Projected Incremental Enrollment above established level (Including E-CAP custor	(Line 11)	8,300
20 Average Arrearage Forgiveness per cust.	(Line 17)	\$ 149 ^{2/}
21 Total Projected Annual Arrearage Forgiveness	(Line 19 * Line 20)	\$ 1,233,278
22 Bad Debt Offset for Incremental Enrollments	(4.70% * Line 21)	\$ 57,964 ^{3/}
23 Net Annual Arrearage Forgiveness for Incremental Enrollments	(Line 21 - Line 22)	\$ 1,175,314
24 Total Projected Annual Arrearage Forgiveness	(Line 18 + Line 23)	\$ 5,751,816

^{1/} Per Docket No. M-2018-3003177, monthly CAP Plus charges eliminated and no longer included in the total monthly CAP payment.

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^{3/} Bad Debt Offset percentage modified to 4.70% from base rate case R-2023-3044549

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Rider Universal Service Costs
Universal Service Programs and Administrative Costs**

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^{3/} Peoples filed and served Petition at Docket P-2025-3053645 which was approved to amend 2019 USECP to increase annual budget for Emergency Furnace and Service Line repair to \$1,500,000.

Peoples Natural Gas Company LLC
Rider Universal Service - Annual Reconciliation and Rate Adjustment
Annual Reconciliation of CAP Costs to CAP Recoveries

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Less:	
<u>Cost Offsets for Customers</u>	\$ (95,924)
Audit Adjustment	\$ 94,108 ^{1/}
Total CAP Recoveries	<u>\$ 38,437,491</u>
Over / (Under) Recoveries	\$ 565,410
Residential throughput (Mcf)	<u>\$ 51,091,555</u>
Reconciliation Rate Adjustment	<u><u>\$ (0.0111)</u></u>

^{1/} Per audit findings from PNG Universal Service Rider audit at Docket Nos. D-2023-3037511 and D-2024-3041986, an adjustment made to recover costs due to prior miscalculation.

Peoples Natural Gas Company LLC
Rate Case Refund Amount
Effective 1/1/2028 - 3/31/2028

Collar Refund Credit - 2025 Calendar Year True Up	\$ -
Collar Refund Credit - 2026 Calendar Year Est	\$ <u>(15,000,000)</u> ^{2/}
Total Credit (Refund)/ Recovery	\$ (15,000,000)
Residential throughput (Mcf) - Jan 2027 - Mar 2027	\$ <u>26,870,000</u>
Credit Adjustment per Mcf - (Refund)/ Recovery	<u>\$ (0.5582)</u>

^{1/} *The true-up amount would consist of the variance between the projected credit amount in Year 1 and the actual credit amount resulting from estimated to actual throughput variances.*

^{2/} *2026 Collar is estimated to be \$15M or more.*

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY	:	
COMMISSION	:	
	:	
v.	:	Docket No. R-2026-3060855
	:	
	:	
PEOPLES NATURAL GAS COMPANY LLC	:	

**PREPARED DIRECT TESTIMONY OF
DAWN M. FOLKS,
SENIOR FINANCE AND RATES ANALYST
PEOPLES NATURAL GAS COMPANY LLC**

DATE SERVED: March 27, 2026
DATE ADMITTED: _____

Peoples Statement No. 4

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

3 A. My name is Dawn M. Folks. My business address is 375 North Shore Drive, Pittsburgh,
4 PA 15212.

5
6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am employed by PNG Companies LLC (“PNG Companies” or “PNG”) as a Finance and
8 Rates Analyst. I provide rates and regulatory services for Peoples Natural Gas Company
9 LLC (“Peoples”, “Peoples Natural Gas”, or the “Company”).

10
11 **Q. PLEASE DESCRIBE BRIEFLY YOUR EDUCATIONAL BACKGROUND AND
12 WORK EXPERIENCE.**

13 A. I received my Master of Science Degree in Industrial Engineering from the University of
14 Pittsburgh in 2005, and a Bachelor of Science Degree in Mathematics and a Bachelor of
15 Arts Degree in Physics from Duquesne University in 2004. After graduation, I was
16 employed as a Control Engineer with SMS Siemag LLC. I began my career within the gas
17 industry when I started working for Peoples Natural Gas in January 2011. I initially worked
18 in the Rates and Regulatory Affairs Department as the Gas Planning and Forecasting
19 Analyst. In October 2011, I accepted my current position as a Finance and Rate Analyst in
20 the Rates and Regulatory Affairs Department.

21
22 **Q. HAVE YOU TESTIFIED PREVIOUSLY IN ANY REGULATORY
23 PROCEEDING?**

1 A. Yes. I have previously submitted testimony before the Pennsylvania Public Utility
2 Commission (“Commission”) in regulatory proceedings. I testified in Peoples Natural Gas
3 Company’s 1307(f) proceeding at Docket No. R-2022-3030664 and Docket No. R-2014-
4 2399598. As well as Peoples Gas’s 2013 Rate Case Proceeding Docket No. R-2013-
5 2355886 and Peoples Natural Gas’s 2023 Rate Case Proceeding Docket No. R-2023-
6 3044549.

7
8 **Q. WHAT ARE YOUR RESPONSIBILITIES FOR PURPOSES OF THIS**
9 **PROCEEDING?**

10 A. I will provide an overview of the Historic Test Year (“HTY”) revenues presented in this
11 case. I will explain the forecasting methods used to develop customer count and usage data
12 for the future and fully projected future test years. I will describe how those forecasted
13 counts and volumes were priced to determine total revenues. I will explain the use of
14 competitive pricing in the Company’s business model and the inclusion of negotiated rates
15 in the pricing of the revenue claim. I will also describe adjustments made to normalize and
16 annualize the revenues presented.

17
18 **Q. PLEASE LIST THE EXHIBITS AND FILING REQUIREMENTS THAT YOU ARE**
19 **SPONSORING AS A WITNESS.**

20 A. Please refer to Appendix A to this Direct Testimony for a complete list of the filing
21 requirements for which I am the responsible witness.

22
23

1 **II. REVENUES (EXHIBIT NO. 3)**

2 **Q. PLEASE BRIEFLY DESCRIBE THE TEST YEAR REVENUES AS PRESENTED**
3 **IN PEOPLES' FILING.**

4 A. Refer to the schedule "Volume and Revenue Summary at Current Rates," **Peoples Exhibit**
5 **No. 3, Schedule No. 15**, Attachment C, page 1. Column 1 reflects the per books revenue for
6 the year prior to the historic test year and Column 2 reflects the per books revenue for the
7 HTY of November 30, 2025 by FERC account. Columns 3-9 display the amounts of per
8 books revenue related to gas cost, universal service rider, Gas Procurement Charge ("GPC"),
9 Merchant Function Charge ("MFC"), Supplier Choice Rider ("SCR"), Distribution System
10 Improvement Charge ("DSIC") and Tax Repairs Surcredit Rider ("TRS"). The calculation
11 of the gas cost revenue for the HTY provided in **Peoples Exhibit No. 3, Schedule No. 15**,
12 Attachment M and the calculation of the rider revenues for the HTY is provided in **Peoples**
13 **Exhibit No. 3, Schedule No. 15**, Attachment N. Column 10 displays the unbilled and cycle
14 22 adjustment amount, which is presented in **Peoples Exhibit No. 3, Schedule No. 15**,
15 Attachment K. This amount is being excluded because it is not pertinent to calculate the
16 annualized revenues. Column 11 presents a weather adjustment to normalize the revenues
17 for weather. The weather adjustment calculation is shown in **Peoples Exhibit No. 3,**
18 **Schedule No. 15**, Attachment H, page 1. Column 12 reflects an adjustment to price the test
19 year bills and volumes to the most current base rates. Column 13 is the annualized delivery
20 service and customer charge revenue at current rates as calculated in **Peoples Exhibit No. 3,**
21 **Schedule No. 15**, Attachment D, pages 1-6.

22 Refer next to **Peoples Exhibit No. 3, Schedule No. 15**, Attachment C, page 2. This
23 schedule summarizes the annualized total revenue at present rates as shown in **Peoples**

1 **Exhibit No. 3, Schedule No. 15**, Attachment D, pages 1-6. The present rates used in the
2 schedule are those in effect as of February 12, 2026. The annualized universal service rider
3 revenues in column (3) of **Peoples Exhibit No. 3, Schedule No. 15**, Attachment C, page 2,
4 are reduced by the Customer Assistance Program (“CAP”) Credit amount shown in **Peoples**
5 **Exhibit No. 3, Schedule No. 15**, Attachment D, page 1, line no. 29.

6
7 **Q. PLEASE EXPLAIN THE DEVELOPMENT OF YOUR ADJUSTMENT TO**
8 **NORMALIZE REVENUES FOR THE EFFECTS OF THE HTY WEATHER.**

9 A. Exhibit 3, Schedule 15, Attachment H, page 1 summarizes the adjustment made to normalize
10 the HTY revenues for the effects of weather. This adjustment was calculated by determining
11 the use per customer (“UPC”) for each class of customer and multiplying the historical
12 customer counts by this amount. I will discuss the calculation of UPC by class further in my
13 Direct Testimony. Peoples derived heating degree days (“HDDs”) to forecast normal weather
14 using a 65-year regression trend for the period ending May 31, 2025. **Peoples Statement**
15 **No. 17 - the Direct Testimony of John Taylor** supports the use of a 65-year regression
16 model for this case. The Company believes this regression model provides a reasonable basis
17 for weather normalization. The 65-year regression model produces a result of 5,086 HDDs.
18 The HTY billed throughput is deducted from the normalized volume to calculate the
19 adjustment amount in Mcf. The Mcf adjustment amount is multiplied by the current delivery
20 rate to determine the dollar amount of the adjustment.

21
22 **Q. PLEASE FURTHER DESCRIBE THE DEVELOPMENT OF THE UPC PER**
23 **CUSTOMER CLASS.**

1 A. A UPC factor was developed for each class of customer to both normalize the HTY and
2 forecast the Future Test Year (“FTY”) and Fully Projected Future Test Year (“FPFTY”)
3 volumes. Different methods were used to determine the UPC for each class of customer.
4 Residential and commercial Small General Service (“SGS”) and Medium General Service
5 (“MGS”) customers traditionally are heat sensitive and require a model that includes a
6 weather variable. By comparison, commercial Large General Service (“LGS”) and all
7 industrial customers are not predominantly impacted by weather, so using historical usage
8 patterns for this class of customer is more indicative of future usage.

9
10 **Q. LET’S START WITH HEAT SENSITIVE CUSTOMER CLASSES. PLEASE**
11 **ELABORATE ON THE MODEL USED TO DEVELOP THE RESIDENTIAL AND**
12 **COMMERCIAL SGS AND MGS UPC.**

13 A. The Company employed a forecasting model that uses historical actual data to calculate a
14 non-heat sensitive base load factor and a seasonal, heating degree day factor. A regression
15 methodology was used to calculate the UPC for all Residential, SGS, and MGS rate classes.
16 The usage for these rate classes is generally considered to be weather sensitive and therefore
17 should be weather normalized. Refer to **Peoples Statement No. 17 - the Direct Testimony**
18 **of John Taylor**, for details of this methodology.

19
20 **Q. HOW WAS THE UPC FOR LARGE COMMERCIAL CUSTOMERS**
21 **DEVELOPED?**

22 A. Large commercial customers, defined as commercial customers using 25,000 Mcf or greater
23 annually, often have usage patterns that behave more similarly to industrial customers than

1 to heat sensitive customers. As a result, development of the large commercial customers'
2 UPC is included in the next section with industrial customers.

3
4 **Q. HOW WAS THE FORECAST FOR LARGE COMMERCIAL CUSTOMERS AND**
5 **ALL INDUSTRIAL CUSTOMERS DEVELOPED?**

6 A. The large commercial and all of the industrial volume projections were prepared using the
7 actual, HTY history of volumes. The Company believes this is the best indicator of future
8 usage trends for this group of customers. We then utilized the input of our sales
9 representatives to incorporate significant known changes in usage patterns, if necessary.

10
11 **Q. PLEASE EXPLAIN HOW THE NUMBER OF BILLS ARE ANNUALIZED.**

12 A. Refer to Exhibit 3, Schedule 15, Attachment F, pages 1-2. The net change in customers for
13 growth and attrition, as presented in column (2), is determined from customer count forecasts
14 for Residential, SGS and MGS rate classes using regression methodology. Refer to **Peoples**
15 **Statement No. 17 - the Direct Testimony of John Taylor**, for details of this methodology.
16 For large Commercial and Industrial rate classes, actual numbers of customers and usage
17 from the HTY are used to project future customer numbers, and the Company uses the input
18 of our sales representatives to incorporate significant known changes. The details of this
19 analysis are presented in Exhibit 3, Schedule 15, Attachment H, page 2.

20 Depicted in column 3 of Exhibit 3, Schedule 15, Attachment F, pages 1-2 is the change
21 of customers between classes. The purpose of this column is to align the customers with the
22 correct rate category, as compared to the HTY data. For example, customers may switch
23 back and forth between sales and transportation service. Also, as a result of the annual

1 consumption review process, customers may move to another annual usage tier within the
2 same category.

3
4 **Q. PLEASE EXPLAIN HOW THE NUMBER OF BILLS ARE FORECASTED FOR**
5 **THE FTY AND FPFTY.**

6 A. The average annual change in number of customers, as determined by a customer forecast
7 analysis, is described in **Peoples Statement No. 17 - the Direct Testimony of John Taylor**,
8 for the FTY and FPFTY and is shown in Exhibit 3, Schedule 15, Attachment F, pages 3-6.

9
10 **Q. PLEASE DESCRIBE EXHIBIT 3, SCHEDULE 15, ATTACHMENT G.**

11 A. Exhibit 3, Schedule 15, Attachment G summarizes the adjustments to weather normalized
12 volumes and to annualize and forecast customer counts for each of the pertinent time frames;
13 HTY, FTY, FPFTY. The adjustments to annualize volumes for net customer growth and
14 attrition and customer reclasses used in Attachment G are summarized in **Peoples Exhibit**
15 **No. 3, Schedule No. 15**, Attachment I.

16
17 **Q. PLEASE DESCRIBE EXHIBIT 3, SCHEDULE 15, ATTACHMENT D.**

18 A. **Peoples Exhibit No. 3, Schedule No. 15**, Attachment D incorporates the summary
19 information provided in **Peoples Exhibit No. 3, Schedule No. 15**, Attachments F & G in the
20 first two columns of each page. These volumes and customer counts are then priced out at
21 current rates to calculate the revenue at current rates shown in column 4. This exercise is
22 repeated for each of the pertinent time frames; Adjusted HTY (pages 1-6), FTY (pages 7-
23 12), FPFTY (pages 13-18).

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Q. YOU HAVE DESCRIBED THE PROCESS FOR PREPARING THE CUSTOMER COUNTS AND USAGE FORECASTED FOR EACH CLASS. PLEASE EXPLAIN HOW THESE COUNTS AND VOLUMES WERE PRICED IN EXHIBIT 3, SCHEDULE 15, ATTACHMENT D.

A. The retail sales customers are priced at current tariff rates effective February 12, 2026. The transportation service is priced in two parts: customers subject to full tariff rates are priced at the current tariff rates effective February 12, 2026, and competitive customers that have negotiated rates are priced individually at their negotiated delivery rates. The Company also updated the DSIC rate from the currently effective rate of 3.57% to 5.00%, which is the annualized rate expected to be in effect when rates become effective in this proceeding. The negotiated delivery rate line item displayed in Exhibit 3, Schedule 15, Attachment D is the weighted average negotiated delivery rate for the group of competitive customers specific to each rate class.

Q. YOU MENTION NEGOTIATED DELIVERY RATES FOR COMPETITIVE CUSTOMERS. WHAT MAKES A CUSTOMER “COMPETITIVE”?

A. The Company’s service territory is a productive market for competition in several ways, including competition among Natural Gas Distribution Companies (“NGDCs”), the ability for customers to bypass the system, and for customers to choose between natural gas and alternate fuels. Some of our commercial customers and most industrial customers have more than one service option available to them. These customers support important operational needs of the Company’s system and also offset the cost of service for other

1 customers. In order to ensure that the Company maintains these accounts, it is necessary to
2 flex our maximum delivery rates to remain competitive. Competitive customers are further
3 discussed in **Peoples Statement No. 8 - the Direct Testimony of Luke Ravenstahl.**

4
5 **Q. PLEASE DESCRIBE EXHIBIT 3, SCHEDULE 15, ATTACHMENT C, PAGES 3 -**
6 **6.**

7 A. **Peoples Exhibit No. 3, Schedule No. 15,** Attachment C, pages 3-6 are comparable to the
8 schedules presented in the same attachment on pages 1 and 2 and discussed on page 3, lines
9 4-23, and page 4, lines 1-3 in my testimony. Attachment C, page 3 starts with the pro forma
10 revenue for the FTY as presented in **Peoples Exhibit No. 3, Schedule No. 15,** Attachment
11 D, pages 7-12, and walks through the FTY gas costs and rider revenues to arrive at the
12 annualized base revenue for the FTY at current rates. Attachment C, page 4 summarizes
13 the annualized total revenue at present rates as shown in **Peoples Exhibit No. 3, Schedule**
14 **No. 15,** Attachment D, pages 7-12. Annualized universal service rider revenues (column
15 (3) of Attachment C) are reduced by annualized CAP expenses and net to zero. As a result,
16 in **Peoples Exhibit No. 3, Schedule No. 15,** Attachment C, universal service rider revenues
17 are excluded from the schedule for the FTY and FPFTY periods, as also presented in
18 **Peoples Exhibit No. 3, Schedule No. 15,** Attachment D, pages 7-18.

19
20 **Q. PLEASE EXPLAIN THE PROPOSED REVENUES.**

21 A. Exhibit 3, Schedule 15, Attachment O shows the allocation of proposed annual revenues
22 by rate schedule based upon the class revenue requirements presented in **Peoples**
23 **Statement No. 17 - the Direct Testimony of John Taylor.** Next, refer to **Peoples Exhibit**

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Q. LET’S BEGIN WITH THE FIRST ACCOUNT 483 - SALES FOR RESALE. DID YOU MAKE ANY ADJUSTMENTS TO THIS ACCOUNT?

A. As shown in **Peoples Exhibit No. 3, Schedule No. 15**, Attachment C, page 1 sales for resale are removed from the booked revenue as a normalization adjustment. Refer to **Peoples Exhibit No. 3, Schedule No. 15**, Attachment J. As mentioned, the entries in this account are for the sales side of gas to third party suppliers, but these sales are offset by the expense to suppliers, netting to zero. As a result, there is nothing forecasted for this account in any of the future periods.

Q. NEXT, ACCOUNT 487 - FORFEITED DISCOUNTS. DID YOU MAKE ANY ADJUSTMENTS TO THIS ACCOUNT?

A. Yes. The forfeited discounts are projected as a percentage of gross revenues. Refer to Exhibit 3, Schedule 15, Attachment L, page 1. This schedule shows the actual forfeited discounts as a percentage of gross revenues for the HTY is 0.59%. The gross revenues projected for each of the pertinent time frames are then multiplied by 0.59% to forecast the forfeited discounts amount for each period.

Q. DID YOU MAKE ANY ADJUSTMENTS TO ACCOUNT 488 – MISCELLANEOUS SERVICE REVENUES?

A. No. The historic revenues for these fees were used to forecast the FTY and FPPTY revenues.

1 **Q. DID YOU MAKE ANY ADJUSTMENTS TO ACCOUNT 489.1 RELATED TO**
2 **REVENUES FROM THE TRANSPORTATION OF GAS THROUGH**
3 **GATHERING FACILITIES?**

4 A. Yes. The Company has experienced declining revenues due to declining production during
5 recent years. As a result, Peoples reflected a decline in the forecasted revenues based upon
6 historical and known changes.

7
8 **Q. DID YOU MAKE ANY ADJUSTMENTS TO ACCOUNT 493 – REVENUE FROM**
9 **RENTAL OF GAS PROPERTY?**

10 A. No. The historic revenues for these fees were used to forecast the FTY and FPPTY
11 revenues.

12
13 **Q. DID YOU MAKE ANY ADJUSTMENTS TO ACCOUNT 495 – OTHER GAS**
14 **REVENUES?**

15 A. No. The historic revenues for these fees were used to forecast the FTY and FPPTY
16 revenues.

17
18 **Q. FINALLY, DID YOU MAKE ANY ADJUSTMENTS TO ACCOUNT 496 –**
19 **PROVISION FOR RATE REFUNDS.**

20 A. No.

21
22 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

1 A. Yes. I reserve the right to supplement my testimony as other issues arise during the course
2 of this proceeding. Thank you.

Appendix A -
Filing Requirements Sponsored by Dawn Folks

<u>Exhibit/SDR</u>	<u>Filing Requirement</u>
Ex. 1, Sch. 6	53.53.II.C.1
Ex. 3, Sch. 1	53.52(a)(2)
Ex. 3, Sch. 2	53.52(a)(3)
Ex. 3, Sch. 3	53.52(a)(4)
Ex. 3, Sch. 4	53.52(b)(3)
Ex. 3, Sch. 5	53.52(b)(4)
Ex. 3, Sch. 6	53.52(b)(5)
Ex. 3, Sch. 7	53.52(b)(6)
Ex. 3, Sch. 8	53.53.III.E.4
Ex. 3, Sch. 9	53.53.III.E.6
Ex. 3, Sch. 10	53.53.III.E.8
Ex. 3, Sch. 11	53.53.III.E.9
Ex. 3, Sch. 12	53.53.III.E.10
Ex. 3, Sch. 13	53.53.III.E.11
Ex. 3, Sch. 14	53.53.III.E.13
Ex. 3, Sch. 15	53.53.III.E.14
Ex. 3, Sch. 16	53.53.III.E.15
Ex. 3, Sch. 17	53.53.III.E.20
Ex. 3, Sch. 18	53.53.III.E.37
Ex. 10, Sch. 1	53.53.III.E.12
Ex. 10, Sch. 2	53.53.III.E.19
Ex. 10, Sch. 4	53.53.III.E.38
Ex. 10, Sch. 5	53.53.III.E.39
Ex. 10, Sch. 6	53.53.III.E.7
Ex. 12, Sch. 9	53.53.III.E.31
Ex. 17, COS 13	VI.III.COS.13
Ex. 17, COS 15	VI.III.COS.15
Ex. 17, COS 18	VI.III.COS.18
Ex. 17, COS 21	VI.III.COS.21
Ex. 19, RR 2	VI.I.RR.2
Ex. 19, RR 3	VI.I.RR.3
Ex. 19, RR 4	VI.I.RR.4
Ex. 19, RR 5	VI.I.RR.5
Ex. 19, RR 6	VI.I.RR.6
Ex. 19, RR 7	VI.I.RR.7
Ex. 19, RR 8	VI.I.RR.8
Ex. 19, RR 9	VI.I.RR.9
Ex. 19, RR 10	VI.I.RR.10
Ex. 19, RR 11	VI.I.RR.11
Ex. 19, RR 12	VI.I.RR.12
Ex. 19, RR 16	VI.I.RR.16
Ex. 19, RR 35	VI.II.RR.35
Ex. 19, RR 45	VI.II.RR.45

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY	:	
COMMISSION	:	
	:	
	:	
v.	:	Docket No. R-2026-3060855
	:	
	:	
PEOPLES NATURAL GAS COMPANY LLC	:	
	:	

**PREPARED DIRECT TESTIMONY OF
EDWARD A. PALOMBO,
VICE PRESIDENT, RELIABILITY
PEOPLES NATURAL GAS COMPANY LLC**

DATE SERVED: March 27, 2026
DATE ADMITTED: _____

Peoples Statement No. 5

**PREPARED DIRECT TESTIMONY OF
EDWARD A. PALOMBO**

1 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

2 A. My name is Edward A. Palombo. My business address is 375 North Shore Drive,
3 Pittsburgh, Pennsylvania 15212.

4
5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Peoples Natural Gas Company LLC (“Peoples” or the “Company”) as
7 Vice President, Reliability.

8
9 **Q. PLEASE STATE BRIEFLY YOUR EDUCATIONAL BACKGROUND AND
10 EMPLOYMENT EXPERIENCE.**

11 A. I graduated from The Pennsylvania State University in August 1983 with a Bachelor of
12 Science Degree in Petroleum and Natural Gas Engineering. After graduation, I was hired
13 as a Project Engineer for Washington Gas Light Corporation. I progressed to leadership
14 roles in the Distribution, Planning, and Design department, until January 1987 when I left
15 to join Peoples Natural Gas, and have been employed since. During this time, I’ve held
16 several leadership positions in the Operations departments, with responsibilities in PA,
17 WV, OH, and KY. Currently, I am Vice President, Reliability and am responsible for
18 directing the activities for Gas Supply & Transportation Services, Local Production
19 Acquisition, Gas Control, System Planning, Pipeline Safety & Compliance, Employee
20 Safety, Technical Training, and GIS.

21

1 **Q. PLEASE LIST THE FILING REQUIREMENTS THAT YOU ARE SPONSORING**
2 **AS WITNESS.**

3 A. Please refer to Appendix A for a complete list of the filing requirements for which I am the
4 responsible witness.

5
6 **Q. WHAT ARE YOUR RESPONSIBILITIES FOR PURPOSES OF THIS**
7 **PROCEEDING?**

8 A. My responsibilities which I will describe in separate sections of my testimony are:

- 9 1. Safety Programs
- 10 2. Peak Day and Annual Gas Supply Plan
- 11 3. Local Production - Gathering and Cost Recovery

12

13 **SAFETY PROGRAMS**

14 **Q. PLEASE DESCRIBE SOME OF THE COMMITMENTS PEOPLES HAS MADE**
15 **TO THE SAFE OPERATION OF ITS PIPELINE SYSTEM.**

16 A. Peoples is strongly committed to safety and has established a comprehensive safety
17 program that strives to protect employees, its customers, the public, and property. All levels
18 of management and employees are responsible and accountable for safety and expected to
19 continuously work together to foster and promote a healthy safety culture. This culture is
20 integral to making safety a priority by incorporating the following into all Company
21 activities: Management commitment at all levels of the organization; Employee
22 engagement and accountability; Recognizing, controlling, and eliminating workplace
23 hazards and unsafe behaviors; and Safety training and education. No employee will be

1 required to perform a task or job that they consider unsafe. Peoples complies with all
2 applicable safety and health requirements and maintains occupational safety and health
3 standards that equal or exceed best practices.

4 The Company demonstrates its commitment to safety by including a Safety
5 component in the incentive compensation plan. In addition, all Operations Department
6 employees also have a pipeline compliance component included in their individual
7 performance expectations and incentive compensation goals.

8 Additionally, the Company engages our Compliance Process Managers, Safety
9 Department, and the entire Operations leadership team on a regular basis by conducting
10 weekly safety conference calls where injuries, accidents, operating procedures and
11 guidelines, line hit damages, and near miss safety incidents are reviewed and discussed.
12 Further, we have implemented procedures for ongoing safety observations of work
13 activities by supervisors and rapid dissemination of injury details to all field leadership and
14 union personnel. We also work closely with our unions to solve all safety-related issues
15 and to communicate and advance safety initiatives throughout the organization. A
16 component of this is managements and employees' commitment to operational and safety
17 training at our Training Center where employees obtain hands-on experience through
18 controlled simulations of emergency events and other real-life situations that enhance their
19 safety awareness and hone their emergency response capability. We have also perfected
20 our compliance work tracking system. This system schedules our prescribed, routine
21 maintenance, compliance check work and provides for information system tracking of our
22 planning and progress.

23

1 **Q. PLEASE DESCRIBE THE COMPANY’S EMPLOYEE SAFETY PROGRAM.**

2 A. Peoples’ Employee Safety Program is multi-dimensional and includes numerous activities
3 focused on accident prevention and compliance with applicable safety regulations. Safety
4 is supported through active participation by operations leadership, a strong union
5 management partnership, and engagement with industry organizations.

6 The three cornerstones of Peoples’ Employee Safety Program are:

- 7 • Training and Education - where technical skills, emergency response, and
8 specialized safety training are provided to employees, contractors, and external
9 partners.
- 10 • Awareness and Communication – where weekly and monthly safety meetings, pre-
11 job briefings, safety alerts, and intranet website resources are used to inform and
12 refresh safety messaging.
- 13 • Investigations, Observations, and Safety Analysis – where safety incidents and
14 risks are thoroughly investigated, discussed, trended, and mitigated.

15 Peoples continues to perform at or above the top quartile in safety performance, and
16 received the American Gas Association (“AGA”) Industry Leader Accident Prevention
17 Award in the Very Large Gas Distribution category in 2023 and 2024. Peoples has also
18 been recognized by the Energy Association of PA (“EAPA”), achieving several awards in
19 2023: the Safety Achievement Award, the Safety Improvement Award, the Safety
20 Sustainability Award, and the Motor Vehicle Fleet Safety Achievement Award. In 2024,
21 Peoples achieved the Safety Sustainability Award, the Motor Vehicle Fleet Improvement
22 Award, and the Motor Vehicle Fleet Safety Achievement Award. 2025 industry metrics
23 from AGA and EAPA have not been finalized, however Peoples achieved the best rates on

1 record for both Lost Time/Restricted Time (“LT/RT”) injuries and Responsible Motor
2 Vehicle Accidents (“RMVA”).

3
4 **Q. EARLIER YOU MENTIONED THE COMPANY’S TRAINING PROGRAM,
5 COULD YOU DESCRIBE IT IN MORE DETAIL?**

6 A. Peoples operates an in-house training facility in McKeesport, PA that provides multi-week
7 introductory training for new hires, training for employees entering new job classifications,
8 initial and refresher operator qualification (“OQ”) training on covered tasks performed by
9 each field classification for both employees and contractors, and supplemental training for
10 field personnel. By providing training internally, as opposed to using a 3rd party vendor,
11 Peoples is able to ensure training captures Company-specific processes and procedures,
12 and this allows us to provide direct oversight of rigorous testing methods.

13 In addition to providing training to employees and contractors, the training team
14 also conducts community outreach sessions for audiences beyond those affiliated with
15 Peoples. These sessions include:

- 16 • First Responder Training: Emergency training for local volunteer fire departments
- 17 • Natural Gas Construction Heat Installation Training
- 18 • Natural gas utility and pipeline field skills training: This program is to prepare a
19 new potential workforce for a career in the gas and pipeline industry.

20
21 **Q. ARE THERE OTHER NOTEWORTHY SAFETY RELATED INITIATIVES THAT
22 YOU WOULD LIKE TO DISCUSS?**

1 A. Yes. Peoples has a well-established Corporate Safety Committee known as the CARE
2 (Combined Accident Reduction Effort) Committee. This committee is comprised of senior
3 leaders from Operations, Safety, and Bargaining Unit personnel whose sole purpose is to
4 provide a cooperative forum for discussions on all safety-related issues and concerns. The
5 main goal is to promote and support a strong safety culture, and to assure a safe and healthy
6 work environment for all employees. Operations management meets monthly with the
7 Salaried and Bargaining Unit CARE Coordinators to discuss safety matters that arise
8 locally at their respective operating locations. The CARE Steering Committee meets
9 quarterly to review and discuss more systemic issues that arise from the local shop
10 discussions, and also Company-wide safety issues to evaluate and implement potential
11 overall corrective actions.

12
13 **Q. PLEASE PROVIDE AN UPDATE ON THE COMPANY'S SAFETY**
14 **MANAGEMENT SYSTEM INITIATIVE.**

15 A. Peoples continues to grow and expand the Pipeline Safety Management System ("PSMS")
16 first initiated in 2018. Safety Management Systems have proven to be successful in many
17 industries (aviation, nuclear, petrochemical to name a few) and are being widely adopted
18 and implemented within the natural gas industry. As a result of the Merrimac, MA incident,
19 many organizations, such as the AGA, the US Pipeline and Hazardous Materials Safety
20 Administration ("PHMSA"), as well as state regulators, have recommended gas operators
21 implement a safety management program related to pipeline operations. In 2020, Peoples
22 completed a gap analysis on the API recommended practices to help develop the
23 framework of the PSMS program. A Program Manager was hired in 2020 to lead the

1 implementation of the overall program, communicate the elements of the program with all
2 operations employees, and develop the staff and resources for the program. Two QA/QC
3 Specialists were hired in 2021 to conduct field audits of employees and contractors to
4 ensure adherence to appropriate SOPs and Job Procedures when completing tasks and jobs.

5 The PSMS team has been currently focused on four primary functional areas of the
6 operations: plastic fusions on pipeline replacement projects; working in and around live
7 gaseous environments, construction tie-ins, and preventing/mitigating damages to meters
8 and facilities. The PSMS team collects and compiles information from the field audits,
9 analyzes the results for trends, and makes recommendations to the PSMS Steering
10 Committee for revisions or additions to SOPs, Job Procedures, Training materials, etc. that
11 may enhance pipeline safety and reliability. Peoples has targeted 2028 to reach API 1173
12 “mature status” on the PSMS elements, with three elements reaching maturity to date.

13
14 **Q. PLEASE DESCRIBE WHAT THE COMPANY HAS DONE AND PLANS TO DO**
15 **GOING FORWARD TO MANAGE THE RISKS ASSOCIATED WITH LEAKAGE.**

16 A. Peoples has an extensive leak management and repair program with procedures and
17 policies that are designed to ensure safe and reliable delivery of natural gas to our
18 customers. Peoples has implemented enhanced operating procedures regarding leak
19 mitigation to further ensure safety across its system, that also helps reduce emissions and
20 improve the environment. These enhancements include adoption of: 1) the Gas Piping
21 Technology Committee (“GPTC”) Leak Classification and Action Criteria for Grade 1, 2,
22 and 3 leaks; 2) operating procedures designed to identify and replace shorter sections of
23 leak prone pipelines instead of repairing those sections; 3) procedures on the handling of

1 Grade 1 leaks (potentially most hazardous leaks) which require that Grade 1 leaks only be
2 vented as a last resort, Peoples’ Operations Management personnel being directly involved
3 and consulted in Grade 1 leak situations, and vented Grade 1 leaks being monitored on a
4 daily basis during frost/frozen ground conditions; and 4) a Leak Detection and Reduction
5 (“LDAR”) program that focuses on accelerated leak surveys on certain systems; reducing
6 leaks on gathering pipes, and utilizing newer technologies for identifying potential leaks.
7 Another effective leak mitigation measure is the accelerated replacement of older higher-
8 risk bare steel pipelines under our Long Term Infrastructure Improvement Plan (“LTIP”),
9 that is described in more detail in **Peoples Statement No. 6 - the Direct Testimony of**
10 **Paul Becker**, VP Engineering & Construction. As a result of these enhanced leak
11 management efforts, Peoples has experienced a 66% reduction from 2022 to 2025 in
12 outstanding unrepaired leaks at year end, and an 85% reduction since 2019.

13
14 **PEAK DAY AND ANNUAL GAS SUPPLY PLAN**

15 **Q. AS THE WITNESS SUPPORTING THE ANNUAL AND PEAK REQUIREMENTS**
16 **AND SUPPLY VOLUME PROJECTIONS USED IN THIS FILING, PLEASE**
17 **GENERALLY DESCRIBE HOW PEOPLES FORMULATES ITS ANNUAL GAS**
18 **SUPPLY PLAN.**

19 **A.** Each year, Peoples projects its total system requirements and available sources of supply.
20 On the requirements side of the analysis, Peoples develops throughput projections by
21 various requirements categories including usage by class of customer. The Company then
22 adds monthly projections for company use and lost and unaccounted for gas to arrive at
23 total projected system requirements on a monthly basis.

1 Certain operational considerations play a role in the requirements analysis. For
2 example, there are portions of Peoples’ service territory that are not physically
3 interconnected with the main portion of Peoples’ facilities, particularly in the Grove City
4 area. Similarly, there are portions of Peoples’ service territory that require support from
5 specific interstate pipeline delivery points at times of high demand, most notably the
6 Punxsutawney area. As a result, Peoples analyzes alternative options in those areas to
7 maintain adequate supplies to maintain reliable service.

8 On the supply side of the analysis, Peoples pursues a least-cost reliable-service
9 strategy through a combination of local and interstate assets and supplies. Local assets
10 include an on-system storage facility and the gathering system, which allows Peoples to
11 enhance the delivery of gas supplies produced locally in western Pennsylvania. The
12 Company’s interstate assets are comprised of a portfolio of transportation and storage
13 services with six interstate pipelines that provides Peoples with access to a variety of supply
14 source locations. Using this gas supply portfolio, Peoples uses an economic dispatch
15 approach that also takes into account reliability, operational requirements, and contractual
16 obligations. Under that approach, Peoples reviews the cost of its various sources of supply
17 and plans to use those that are least costly. The Company starts by base loading local
18 supplies; that is, using local gas first. From there the Company then turns to the existing
19 pipeline supply assets and existing gas supply agreements. These include the firm
20 transportation and storage service agreements with interstate pipelines and the long-term
21 firm gas supply commodity agreement with EQT Energy.

1 **Q. HOW DOES PEOPLES TYPICALLY DETERMINE ITS CUSTOMERS’**
2 **REQUIREMENTS AND ASSOCIATED GAS SUPPLIES ON A DESIGN PEAK**
3 **DAY?**

4 A. Peoples uses a regression analysis forecasting model that employs a number of variables
5 including but not limited to temperature, and historical consumption levels. The design day
6 average day temperature utilized in the model is minus 9 degrees Fahrenheit. The values
7 assigned to consumption levels and the other variables change over time. Using send-out
8 data for the four years ended May 2024 the Company calculated total system peak day
9 design requirements of 1,487.6 MMcf per day.

10

11 **Q. WILL THE COMPANY SUPPLY THE ENTIRETY OF THE 1,487.6 MMCF FOR**
12 **ITS CUSTOMERS?**

13 A. No. Peoples will supply 1,192.1 MMcf of the Company’s customers’ design day
14 requirements of 1,487.6 MMcf. The supply of 1,192.1 MMcf per day includes the following
15 components:

- 16 • Projected local gas volumes of 8.9 MMcf. This volume is based on a projection of the
17 amount of local gas under contract to Peoples and available on a design day;
- 18 • The on-system storage design day supply of 55.3 MMcf reflects the expected volume of
19 supplies available from the Company’s on-system storage fields; and
- 20 • Interstate delivered gas of 1,127.9 MMcf projected to be received from Equitrans, Eastern
21 Gas Transmission and Storage (“EGTS”), Tennessee Gas Pipeline Company, LLC
22 (“Tennessee”), Texas Eastern Transmission Company (“TETCO”), Columbia
23 Transmission (“TCO”) and National Fuel Gas Supply Corporation (“NFG”).

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Q. WHY DOESN'T PEOPLES HAVE TO BE PREPARED TO SUPPLY ALL OF ITS CUSTOMERS' DESIGN DAY REQUIREMENTS?

A. Many of Peoples' customers, generally also its largest customers, that purchase their supplies from Natural Gas Suppliers ("NGSs") – customers whom the Company refers to as Non-Priority 1 or NP-1 – are responsible for acquiring their own design day assets at a level sufficient to deliver their average daily usage during that month. The Company expects those customers to deliver to the system 294.8 MMcf on a design day during the 1307(f)-2025 projected period.

Q. HOW DO THE DESIGN DAY REQUIREMENTS OF PEOPLES' SMALLER CUSTOMERS WHO PURCHASE THEIR SUPPLIES FROM NGSs FIT INTO PEOPLES' SUPPLY PORTFOLIO?

A. When a substantial alternative supply market for those smaller Priority 1 ("P-1"), or essential human needs customers, first began to develop on the Peoples system in 1997, Peoples addressed the design day requirements of those customers under a program of mandatory capacity assignment. Peoples' tariff requires that the P-1 customers acquire their design day capacity requirements from Peoples by means of mandatory assignment of capacity and that the P-1 customers must pay the costs of that assigned capacity through the capacity charge. The P-1 NGSs are expected to utilize the assigned capacity to deliver to the Peoples system sufficient supplies to meet the projected total usage for their P-1 customers on a design day during the 1307(f)-2025 projected period.

1 **Q. IN ADDITION TO ITS CUSTOMERS' DESIGN DAY CAPACITY AND SUPPLY**
2 **REQUIREMENTS, WHAT OTHER CUSTOMER REQUIREMENTS MUST**
3 **PEOPLES GAS SUPPLY PORTFOLIO SATISFY?**

4 A. Peoples must also satisfy the day-to-day supply requirements of Peoples customers who
5 purchase supplies from Peoples, the day-to-day balancing requirements of NP-1
6 transportation customers, and the requirements for gas that either will be used in Peoples'
7 operations (i.e., company-use gas) or that will be "lost or unaccounted for" because of various
8 reasons.

9
10 **Q. DOES PEOPLES USE ITS ANNUAL CONSUMPTION PROJECTIONS FOR**
11 **THOSE CUSTOMERS WHO LIKELY WILL BUY THEIR SUPPLIES FROM NGSS**
12 **FOR ANY PURPOSE IN THIS PROCEEDING?**

13 A. Yes. Although those customers' capacity requirements are measured strictly by the demands
14 that they will place on the Peoples system on a design peak day, Peoples recovers the costs of
15 meeting those requirements through each Mcf that Peoples delivers to those customers
16 throughout the year. In the case of P-1 customers, Peoples recovers the costs through a
17 capacity charge per Mcf consumed. In the case of NP-1 customers, the recovery is through a
18 balancing charge per Mcf consumed.

19
20 **Q. HOW DO THE DESIGN DAY SUPPLY ASSETS COMPARE TO THE PROJECTED**
21 **DESIGN DAY REQUIREMENTS?**

22 A. As shown on **Peoples Natural Gas Exhibit No. EAP-1**, the Company is projecting that its
23 design day supply assets will be within 0.73 MMcf of its design day requirements.

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Q. PLEASE DESCRIBE HOW LOCAL GAS PURCHASES FROM CONVENTIONAL WELLS ARE USED TO SATISFY SYSTEM GAS SUPPLY NEEDS.

A. Peoples and NGSs operating on the Peoples system use natural gas produced from local shallow wells as a base load supply to meet customer’s usage requirements. However, since 2012, local gas produced and delivered from conventional wells into the Company’s system has declined year-over-year. In 2020, Peoples received supplies from conventional wells totaling approximately 37.1 BCF. In 2025, a total of approximately 26.2 Bcf of conventional production was delivered into the Peoples’ systems. Over this six-year period, this represents a total decline of 10.9 Bcf, or 29%. A reversal of this ongoing decline is not expected.

Q. DOES PEOPLES HAVE A POLICY REGARDING ADDITIONAL MARCELLUS SHALE WELL PRODUCTION?

A. Peoples’ current role in the development of Marcellus Shale has been to provide producers of unconventional gas with similar access to both on-system and off-system markets as provided to conventional producers. Peoples has been able to accept Marcellus Shale production into its systems on a case-by-case basis, using the same analysis for Marcellus Shale production tap requests that it uses for conventional production tap requests. The analysis includes (i) the location and quantity of gas supply, (ii) the unused pipeline capacity at the proposed injection point, (iii) the anticipated gas quality and the investment required to resolve gas quality issues, and (iv) the impact of the production on existing base load supplies from local and interstate alternatives.

1 Peoples' market fundamentally benefits from having access to additional direct
2 feed local Marcellus Shale production. It provides a replacement supply for declining
3 conventional production volumes. Also, local gas supplies, including gas produced into the
4 Peoples' system from both conventional and Marcellus wells, represent a lower cost supply
5 than interstate delivered gas. Peoples plans to remain involved in finding opportunities to
6 utilize Marcellus Shale gas produced in Peoples' service territory, and is actively pursuing
7 new interconnects with midstream systems to support this goal.

8
9 **LOCAL PRODUCTION - GATHERING AND COST RECOVERY**

10 **Q. PLEASE DESCRIBE GENERALLY THE TRADITIONAL GATHERING PIPELINE**
11 **SYSTEM.**

12 A. Gathering systems are pipeline facilities that have the primary purpose of moving
13 conventionally produced gas from production fields to transmission and distribution
14 facilities for delivery to end use customers. In contrast, distribution pipelines generally are a
15 system of mains and service lines that primarily function to deliver natural gas to individual
16 homes and businesses. However, in some instances, customers and small distribution
17 systems are connected directly to gathering systems in rural areas where it is not
18 economical to extend pipelines from the major distribution centers because of the low
19 density of potential customers.

20 In addition to gathering pipelines, gathering systems also typically include
21 compression facilities and equipment to monitor and treat the gas. Gathering compressors are
22 used to increase the flow of local production by raising the gathering pipeline pressure to the
23 pressure of the pipeline that the gathering pipeline feeds into, typically a transmission pipeline

1 or higher pressure gathering or distribution pipeline. Gas monitoring and treatment is another
2 part of a gathering system. Peoples requires producers to remove water and other
3 contaminants from the gas delivered to the gathering system. In some cases, the gas is further
4 treated by Peoples at compressor stations where dehydration facilities are installed to remove
5 water prior to delivering gas to transmission or distribution systems.

6 There are also situations where Peoples receives locally produced gas directly into its
7 distribution and transmission systems. This production can be from both conventional and
8 unconventional sources.

9
10 **Q. DO GAS PRODUCERS BENEFIT FROM GATHERING SYSTEMS?**

11 A. Yes. Producers benefit from gathering lines because, in most cases, it is their only means
12 to get their gas production to a market. The gas produced into the gathering systems
13 originates from conventional wells. Generally, gathering systems cannot be used to receive
14 and deliver higher pressure gas produced from unconventional sources such as Marcellus
15 Shale.

16
17 **Q. DO CUSTOMERS BENEFIT FROM LOCAL PRODUCTION AND GATHERING
18 SYSTEMS?**

19 A. Yes. Customers receive a notable cost savings benefit from local production delivered into
20 the Peoples' systems. Production directly feeding utility pipelines avoids costly interstate
21 pipeline charges, which typically include fixed reservation charges for interstate pipeline
22 reservation space, usage charges to cover variable interstate pipeline costs and retainage to
23 cover gas loss and gas used in interstate pipeline operations.

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Q. HAS THE COMPANY PREPARED A COMPARISON OF THE COST PER MCF OF DELIVERING GAS THROUGH INTERSTATE PIPELINES TO THE COST OF DELIVERING GAS THROUGH THE COMPANY’S GATHERING SYSTEM?

A. Yes. **Peoples Natural Gas Exhibit No. EAP-1** provides this comparison for the projected twelve months ended December 31, 2027 (“Fully Projected Future Test Year” or “FPFTY”). It shows that gas produced into and delivered through the gathering systems is notably less costly than gas procured on and delivered from Peoples’ interstate pipeline suppliers. The total average cost of gas delivered via the gathering system for the FPFTY is estimated at \$3.08 per Mcf. The total average cost of gas delivered via the interstate systems for the FPFTY is estimated at \$3.48 per Mcf. This results in an estimated cost savings of \$0.40 per Mcf for the local gas purchased by Peoples’ for its on-system customers alone. Customers that purchase local gas supplies from third party marketers or NGSs can reasonably be expected to receive a similar cost per Mcf savings benefit. As noted in **Peoples Natural Gas Exhibit No. EAP-1**, this analysis reflects the various costs incurred by Peoples’ ratepayers for the FPFTY which include: the projected average commodity cost of gas delivered to the Peoples’ system; Peoples’ costs to own and operate the gathering systems (including gathering Unaccounted For Gas (“UFG”)); and interstate pipeline costs for capacity, retainage, and delivery. In **Peoples Statement No. 17 – the Direct Testimony of John Taylor**, Mr. Taylor calculated and presented testimony in support of the projected non-gas costs incurred by Peoples to own and operate the PNG gathering system.

1 **Q. DOES INTERSTATE PIPELINE GAS AND LOCAL GAS SERVE THE SAME**
2 **PURPOSES?**

3 A. While both supply sources provide the gas supply needed by the customer, pipeline gas is
4 much more flexible in that it is provided to the Company at significantly higher pressure
5 which is required in peak periods of usage and for injection into storage. The amount of
6 pipeline gas entering the Company's system can also more easily be adjusted up or down
7 to meet the daily gas consumption swings due to weather. In addition, pipeline gas
8 generally meets higher quality standards relating to containing impurities and water and
9 creates fewer operational problems.

10

11 **Q. HOW SHOULD THE BASE RATE COSTS OF THE GATHERING SYSTEM BE**
12 **RECOVERED?**

13 A. Gathering system costs are incurred to provide a market for supplies produced by local
14 wells and to provide cost effective gas supplies to customers. In my opinion, it is
15 appropriate for both producers and customers to share in paying these costs.

16

17 **Q. WHAT FACTORS SHOULD BE CONSIDERED IN ALLOCATING THESE**
18 **COSTS BETWEEN CUSTOMERS AND LOCAL SUPPLIERS?**

19 A. As I have noted previously, customers benefit from obtaining local gas at a cost lower than
20 interstate pipeline gas. The gathering system lowers the amount of interstate pipeline
21 capacity that is required to serve customers and lowers pipeline demand costs recovered
22 from all sales and transportation customers. In addition, customers served directly from the
23 gathering system receive their service from gathering pipelines and not distribution

1 pipelines. Finally, some of Peoples' distribution areas are served only by local gas from
2 the gathering systems.

3 Producers derive substantial benefit from the gathering facilities as it is their source
4 to a market. In addition, Peoples operates its gathering and distribution systems to facilitate
5 the introduction of lower pressure gas from conventional wells into its system.

6 While it is difficult to specifically quantify these benefits between producers and
7 customers, it is clear that both producers and customers benefit from the gathering systems.
8

9 **Q. ARE THERE ANY UNIQUE OPERATIONAL ISSUES AND/OR COSTS**
10 **ASSOCIATED WITH GATHERING SYSTEMS?**

11 A. Gathering systems present operational challenges uncommon to distribution. Since the
12 facilities typically are in rural areas, and consist of many measurement delivery points,
13 potential leaks are not as readily detectable. This can contribute to potential higher lost and
14 unaccounted for gas than on distribution systems, as well as higher methane emissions.
15 Peoples has attempted to mitigate this by operating and maintaining gathering assets under
16 the same guidelines as distribution assets. While not required by federal codes, Peoples
17 conducts leak surveys on its gathering pipelines at intervals similar to distribution
18 pipelines, and schedules gathering line leak repairs accordingly.
19

20 **Q. HOW DOES PEOPLES PROPOSE TO RECOVER THE COSTS OF THE**
21 **GATHERING SYSTEMS?**

22 A. There is a practical limit to how much of the gathering system costs can be recovered from
23 producers. The projected average market price that producers will receive for their gas

1 purchased by Peoples for system supply is \$2.22/Dth for the projected twelve months
2 ended December 31, 2027 (FPFTY). These prices are low by historical standards and it is
3 likely that this has contributed to the reduction of production from conventional wells since
4 2012.

5 Peoples currently charges a \$0.24/Mcf fee to producers for gathering system costs
6 through its existing Rate Schedule Appalachian Gathering Service (“AGS”) for all
7 conventional gas production delivered to the Peoples system. This gathering service fee
8 covers less than one-third of the costs to operate the gathering facilities. As previously
9 stated, both producers and customers benefit from local production suppliers and therefore
10 both should contribute to the gathering cost of service. Also, as noted in **Peoples Statement**
11 **No. 6 – the Direct Testimony of Paul Becker**, Peoples is proposing to increase the annual
12 capital investment to replace and upgrade certain gathering pipelines beginning in 2027.

13 As a reasonable shared contribution to cover increase operating and maintenance
14 costs, as well as increased capital to upgrade gathering lines, Peoples proposes to increase
15 this gathering fee to \$0.29 per Mcf. This rate was developed by taking the current gathering
16 revenue recovery of about \$7.4 million and applying an increase of 13.8% which represents
17 the overall total increase in revenue the Company is seeking in this proceeding. This results
18 in the need to collect about \$8.4 million of revenue from customers. About \$1.9 million of
19 this will be recovered from producers under a negotiated rate and thus the remaining \$6.6
20 million of revenue will be collected from the full tariff volumes of 23.1 Bcf which results
21 in the \$0.29 per Mcf gathering rate. This results in the gathering revenue contributing about
22 26% towards the gathering system cost of service which is in the range of prior cases. These
23 producer fees help offset customers’ share of gathering costs, without creating an economic

1 disincentive to producers to continue to produce low cost gas supplies into the Peoples'
2 systems.

3
4 **Q. HOW MUCH GATHERING REVENUE DOES THE COMPANY PROJECT TO**
5 **RECOVER IN THE FULLY PROJECTED FUTURE TEST YEAR?**

6 A. The annual volume projection of conventional production on Peoples system that will be
7 subject to the gathering fee for the FPFTY is 23 Bcf. This volume projection was based on
8 recent actual production levels adjusted to reflect current production decline trends. The
9 resulting revenues to be paid for by conventional well producers for the FPFTY is projected
10 to be \$5.5 million.

11
12 **Q. YOU MENTIONED EARLIER IN YOUR TESTIMONY THAT PEOPLES ALSO**
13 **RECEIVES UNCONVENTIONAL SUPPLIES INTO ITS SYSTEMS. ARE THERE**
14 **GATHERING FEES ASSESSED TO PRODUCERS BY PEOPLES FOR**
15 **UNCONVENTIONAL SUPPLIES, AND IF SO, WHAT ARE THE EXPECTED**
16 **ANNUAL REVENUES?**

17 A. Yes. As set forth in the existing tariff rate schedule – AGS (Peoples Natural Gas Exhibit
18 No. 14, Schedule No. 1), Peoples charges a rate for gathering natural gas produced from
19 unconventional sources that is determined through negotiation. It's important that this rate
20 be negotiable because Peoples needs to compete with midstream and interstate pipelines to
21 acquire this gas supply. Marcellus producers generally have multiple options to get their
22 gas to market. Based on the negotiated rate currently charged to existing unconventional
23 producers and the associated expected annual volumes produced from unconventional

1 sources for the FPFTY, Peoples projects to generate \$1.8 million in annual gathering fees
2 from unconventional gas producers for the FPFTY period.

3
4 **Q. BASED UPON THE COMPANY'S FPFTY PROJECTION OF RECOVERIES**
5 **UNDER THE GATHERING CHARGES TO CONVENTIONAL AND**
6 **UNCONVENTIONAL PRODUCERS, HOW MUCH OF THE GATHERING**
7 **COSTS WILL BE RECOVERED?**

8 A. The Company projects that it will recover \$9.4 million, a \$2.4M or 34% increase over the
9 existing revenue of \$7.0M at present rates.

10
11 **Q. HOW DOES THE COMPANY PROPOSE TO RECOVER THE REMAINDER OF**
12 **THE GATHERING COSTS THAT ARE NOT PROJECTED TO BE RECOVERED**
13 **FROM PRODUCERS?**

14 A. We have directed Mr. Taylor to allocate the remaining costs to the various customer
15 classes. He uses a volumetric allocation factor to assign gathering plant and associated
16 expenses to customer classes based on the percentage of annual gas volumes in each class
17 supplied by Pennsylvania gas producers. This is consistent with the methodology used in
18 the Company's last base rate proceeding.

19
20 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

21 A. Yes. I reserve the right to supplement my testimony as other issues arise during the course
22 of this proceeding. Thank you.

APPENDIX A

Exhibit

Filing Requirement

Ex. 10, Sch. 3	53.53.III.E.22
Ex. 12, Sch. 1	53.53.III.E.5
Ex. 12, Sch. 2	53.53.III.E.18
Ex. 12, Sch. 3	53.53.III.E.23
Ex. 12, Sch. 4	53.53.III.E.24
Ex. 12, Sch. 5	53.53.III.E.26
Ex. 12, Sch. 6	53.53.III.E.30
Ex. 12, Sch. 7	53.53.III.E.36
Ex. 12, Sch. 10	53.53.IV.B.11
Ex. 12, Sch. 11	53.53.I.C.1
Ex. 12, Sch. 12	53.53.III.E.28
Ex. 12, Sch. 15	53.53.III.E.3
Ex. 12, Sch. 16	53.53.IV.B.14
Ex. 13, Sch. 7	53.53.III.E.27
Ex. 15, Sch. 2	53.53.I.C.2
Ex. 15, Sch. 3	53.53.IV.B.8
Ex. 17, COS-10	COS 10
Ex. 17, COS-11	COS 11
Ex. 17, COS-12	COS 12
Ex. 17, COS-14	COS 14
Ex. 17, COS-16	COS 16
Ex. 17, COS-17	COS 17

Cost Comparison - Local Gas Purchased and Delivered via Gathering vs. Interstate Supplied Deliveries (Peoples Natural Gas and Peoples Gas Combined)

Index - EGTS Appalachian Index Cost per Dth 1/		\$	2.22 / Dth		
		Local Gas via Gathering			Interstate Gas*
Commodity Cost 2/		\$	2.3088 / Mcf		\$ 2.3088 / Mcf
Gathering UFG (A) or Interstate Retainage (B)	7.33%	\$	0.1692 / Mcf	A	1.50% \$ 0.0346 / Mcf
Producer Contribution - Gathering Retainage 3/	-2.47%	\$	(0.0570) / Mcf		
Delivery Cost to City-Gate		\$	-		\$ 0.1027 / Mcf
Gathering System Cost (A) or Interstate Capacity (B)		\$	0.9200 / Mcf	A	\$ 1.0301 / Mcf
Producer Contribution - Gathering Fee 4/		\$	(0.2600) / Mcf		\$ -
Total Delivered Cost		\$	3.0810 / Mcf		\$ 3.4762 / Mcf
					\$ 0.3952 Local Gas Discount

* Based on weighted average cost of all existing Peoples Natural Gas interstate FT and storage contracts.

1/ EGTS Appalachian Index Price as estimated for the FPFTY - October 2024 through September 2025 as of 12/11/2023

2/ Commodity Cost for Local Purchases is 100% EGTS App Index and interstate supplies are converted from Dth to Mcf at 1.04 system average Btu.

3/ Gathering retainage level recovered from producers on the PNG & PG system.

4/ Gathering Fee is the producer paid fee under Peoples' proposed Appalachian Gathering Service rate schedule for the FPFTY - Oct. 2024 - Sept. 2025.

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Paul Becker. My business address is 375 North Shore Drive, Pittsburgh, PA
3 15212.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Peoples Natural Gas Company LLC (“Peoples” or the “Company”) as
7 the Vice President, Construction and Engineering.

8

9 **Q. PLEASE STATE BRIEFLY YOUR EDUCATIONAL BACKGROUND AND**
10 **EMPLOYMENT EXPERIENCE.**

11 A. I have worked in the gas energy industry for four decades and now work as Vice President,
12 Construction & Engineering at Peoples, a position I have held since 2017. I am responsible
13 for the design and construction of natural gas facilities, specifically relating to
14 transmission, storage, gathering and distribution. I received my Bachelor of Science in
15 engineering from the University of Pittsburgh and a Master of Business Administration
16 from Duquesne University. I am a registered professional engineer in Pennsylvania and a
17 member of the American Society of Civil Engineers, the Energy Association of
18 Pennsylvania, and the American Gas Association.

19

20 **Q. WHAT ARE YOUR RESPONSIBILITIES FOR PURPOSES OF THIS**
21 **PROCEEDING?**

22 A. I will describe the Company’s four major pipeline capital programs which make up the
23 majority of the Company’s overall capital budget. Moreover, I will provide an update as

1 to the progress the Company has made with respect to its pipeline capital programs and
2 why the Company should continue to invest in these programs. I will also address
3 investments made in Storage Assets, Intelis Meters, and a project to provide a second
4 supply feed to the Altoona Service area.

5 From 2023-2025, 92% (\$1.59 billion of \$1.72 billion) of the Capital Investment in
6 Pennsylvania was invested in pipelines and other gas handling infrastructure. This
7 significant commitment to infrastructure investment continues in this proposed rate case
8 with \$1.4 billion of \$1.5 billion or 94% invested in gas handling infrastructure.

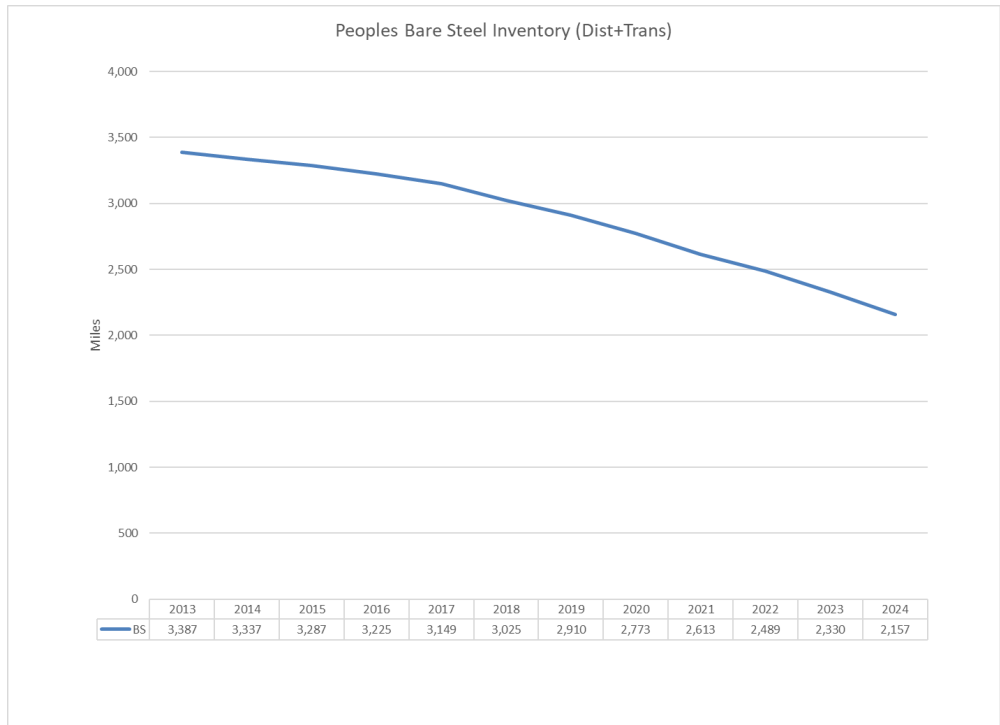
9
10 **PIPELINE CAPITAL WORK PLAN**

11 **Q. PLEASE GENERALLY DESCRIBE WHAT THE COMPANY MEANS BY**
12 **PIPELINE CAPITAL WORK.**

13 A. The Company is engaged in various programs to modernize its infrastructure (pipelines
14 and related facilities) to maintain the safety and integrity of its natural gas distribution
15 system. As part of its modernization efforts, the Company performs the replacement,
16 improvement and retirement of its pipelines (and related facilities) on a daily basis. The
17 Company's most significant modernization program in terms of cost and mileage is its
18 Long-Term Infrastructure Improvement Plan ("LTIIIP"). The Company anticipates that
19 since its last base rate case in 2023 through the end of the Fully Projected Future Test Year
20 ("FPFTY") presented in this filing, it will spend nearly \$2.3 billion to replace more than
21 1,250 miles of its aging infrastructure.

22 While this investment is significant there is more work to be done. As shown in the
23 Chart below, as of year-end 2024, Peoples still had over 2,000 miles of aging bare steel

1 Distribution and Transmission pipelines in operation. The point here is that while we have
2 made significant progress, significant inventory remains to be replaced. Significant
3 investment is still needed for years to come.



4
5 In addition to its LTIP, the Company has three other pipeline programs.

6
7 **Q. PLEASE GENERALLY DESCRIBE THE COMPANY’S FOUR MAJOR CAPITAL**
8 **PIPELINE WORK PROGRAMS.**

9 A. The four programs include the Company’s Long-Term Infrastructure Improvement Plan
10 (“LTIP”), the Gathering Pipeline Replacement Program (“GP Replacement Program”),
11 the Goodwin Tombaugh Program (“GT Program”) and the Mainline Extension Program
12 (“MLX Program”).

13 (1) The Company’s LTIP is a multiyear program targeting primarily the
14 replacement of distribution and transmission bare steel and cast/wrought iron pipelines.

1 The Company's current five-year LTIP was approved by the Commission on December
2 18, 2025 and is in effect January 1, 2026 through December 31, 2030¹. The five-year
3 program targets replacement of a total of 930 miles of pipeline. The as-filed anticipated
4 total costs of the current LTIP program for the years 2026-2030 are approximately \$3.2
5 billion.

6 (2) The GP Replacement Program is an annual program primarily targeting the
7 replacement and/or abandonment of bare steel gathering pipelines. The GP Replacement
8 Program targets between 23 and 77 miles annually of gathering pipeline for abandonment
9 or replacement at an estimated cost of \$10-\$40 million annually.

10 (3) The GT Program is a program specifically targeting the replacement and
11 conversion of an aging legacy gathering system. The replacement of the GT system was a
12 settlement requirement stemming from the 2020 acquisition of Peoples by Essential
13 Utilities, Inc². The settlement requires the Company to replace over 300 miles of the GT
14 pipeline over a seven-year time frame for an estimated total cost of \$120 million. Under
15 the acquisition settlement, as the GT plant is completed and placed in service, the plant is
16 transferred to Peoples, regulated under the Commission's jurisdiction and classified as
17 distribution pipeline and operated for safety purposes following all provisions under 49
18 C.F.R. § 192 for distribution pipeline. See Settlement § A, ¶¶ 29-40³. Consistent with the
19 Settlement, as Peoples has replaced GT plant, the new plant has been transferred to Peoples
20 and included in distribution plant.

¹ Docket No. P-2025-3057167

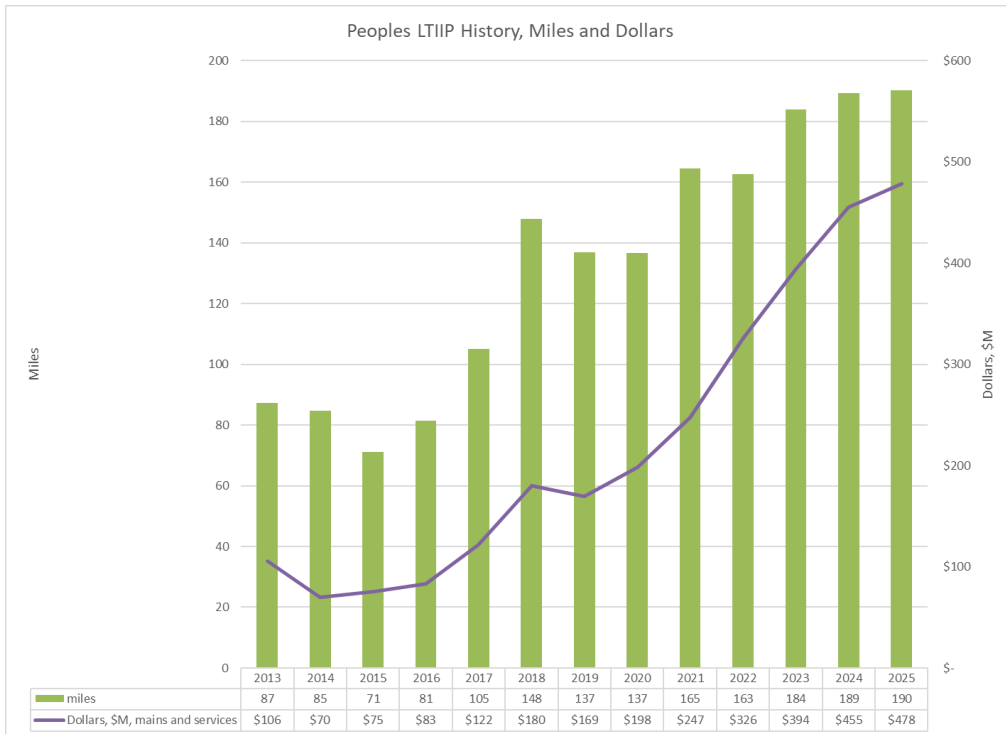
² Docket Nos. A-2018-3006061, A-2018-3006062 and A-2018-3006063

³ Id.

(4) The MLX Program is an annual program encompassing the construction of mainlines, meters, and services associated with new customers coming onto the Company’s system. Typically, the MLX Program adds about 30-40 miles of distribution pipeline (and associated meters and services) for an estimated cost of \$30- \$40 million, annually.

Q. PLEASE SUMMARIZE THE COMPANY’S PIPELINE CAPITAL WORK ACCOMPLISHMENTS/INVESTMENTS.

A. LTIP – As of year-end 2025, approximately 891 miles or 102% of the projected 871 total miles in the Company’s 2021-2025 LTIP have been replaced at a cost of \$1.90B or 103% of the estimated program costs for mains and services of \$1.84 billion. The chart below shows the LTIP program since 2013. The table below provides a summary of the Company’s current LTIP results from 2021 through year end 2025.



13
14

1

LTIIIP 2021-2025								
Mains and Services Only								
LTIIIP		Miles				Dollars, Millions		
LTIIIP Program year	Year	Plan miles	actual miles	actual PTD miles	% actual to plan each year	Planned costs (24+ major mod)	actual costs	% actual to plan each year
1	2021	159	165	165	103%	\$247	\$247	100%
2	2022	159	163	327	102%	\$326	\$326	100%
3	2023	181	184	511	102%	\$394	\$394	100%
4	2024	186	189	700	102%	\$430	\$455	106%
5	2025	186	190	891	102%	\$446	\$479	107%
Total		871	891		102%	\$1,843	\$1,901	103%

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As the table above shows, Peoples has an established and proven performance track record to install the pipe it targets and invest the associated capital. The 2026-2030 LTIIIP was approved on December 18, 2025 and its summary table is shown below. The first two years of this 2026-2030 LTIIIP is included in this proposed rate case.

LTIIIP 2026-2030								
Total								
LTIIIP		Miles				Dollars, Millions		
LTIIIP Program year	Year	Plan miles	actual miles	actual PTD miles	% actual to plan each year	Planned costs	actual costs	% actual to plan each year
1	2026	186		0	0%	\$ 606		0%
2	2027	186		0	0%	\$ 625		0%
3	2028	186		0	0%	\$ 648		0%
4	2029	186		0	0%	\$ 672		0%
5	2030	186		0	0%	\$ 698		0%
Total		930				\$ 3,249	\$ -	

7

8

9

10

GP – From 2019 through 2025 the Company has replaced or abandoned more than 275 miles of its bare steel gathering pipeline for a total cost of approximately \$30 million. The

1 following table summarizes the Company’s GP Program results from 2019 through 2025:

Year	miles				dollars, millions	
	pipe replaced	pipe abandoned	total	cumulative total	capital	cumulative capital
2019	17.5	15.2	32.7	32.7	\$ 7.37	\$ 7.37
2020	12.1	39.0	51.1	83.8	\$ 4.23	\$ 11.60
2021	11.9	56.0	67.9	151.7	\$ 3.62	\$ 15.22
2022	11.2	36.3	47.5	199.2	\$ 5.29	\$ 20.51
2023	8.9	16.2	25.1	224.3	\$ 5.02	\$ 25.53
2024	6.1	20.7	26.8	251.1	\$ 2.29	\$ 27.82
2025	5.8	20.7	26.5	277.6	\$ 1.76	\$ 29.58
total	73.5	204.2	277.6		\$ 29.58	

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As the table shows, Peoples has been able to abandon significant portions of the Gathering System. This has been accomplished without an adverse service impact to customers. By abandoning over 200 miles of Gathering Pipe, Peoples has been able to keep the overall cost of the GP program since 2019 to just under \$30 million for about 277 miles. Peoples will continue to evaluate gathering pipeline systems for potential segment abandonments. The five-year plan is to continue to replace gathering pipelines as outlined in the table below. The increase in 2027 comes from redirecting pipeline contractor resources from GT (discussed below) to gathering in 2027 and beyond.

GP	miles	dollars, millions
Year	Miles pipe	capital
2026	23.0	\$ 10.10
2027	77.0	\$ 35.80
2028	77.0	\$ 37.20
2029	77.0	\$ 38.70
2030	77.0	\$ 40.20
total	331.0	\$ 162.00

11

12

13

14

GT - As of year end 2025, the Company has replaced or abandoned 286 miles or 79% of the targeted GT pipe in the Company’s system for a cost of \$73 million or 61% of the

original \$120 million estimate. The Company is meeting its mileage commitment and carrying out the terms of the settlement approving the Company's GT plan⁴. Please see the table below for the Company's progress on its GT Program since 2020:

GT		Miles							dollars			
program year	year	modified actual plan	actual	replaced	abandoned	PTD	% complete	remaining miles	mod plan	actual	PTD	% complete
1	2020	26	26.2	5.5	20.8	26.2	7%	333.8	\$2,775,068	\$2,775,068	\$2,775,068	2%
2	2021	43	43.0	12.2	30.8	69.2	19%	290.8	\$9,888,600	\$9,888,600	\$12,663,668	11%
3	2022	34	33.8	24.1	9.8	103.0	29%	257.0	\$13,556,816	\$13,556,816	\$26,220,484	22%
4	2023	56	55.8	40.2	15.6	158.8	44%	201.2	\$13,631,002	\$13,631,002	\$39,851,486	33%
5	2024	57	57.0	43.5	13.5	215.8	60%	144.2	\$12,569,496	\$12,569,496	\$52,420,982	44%
6	2025	70	70.0	59.3	10.7	285.8	79%	74.2	\$20,521,227	\$20,521,227	\$72,942,209	61%
7	2026	74										
Total		360	285.8	184.7	101.2							

To date there have been no adverse impacts to existing GT customers (switched 571 customers to the new pipe). Throughout the process, the Company evaluated ways to achieve efficiencies and minimize costs. A prime example of such efficiencies is that by leveraging system overlap Peoples has been able to abandon over 100 miles without impacting service to customers. Some of these additional abandonments have been offset by additional miles rerouted from rights of way to along the road, thereby minimizing environmental impacts and positioning the new distribution pipe to serve future loads. And over the course of the project some existing plastic and coated steel within the system also had to be replaced and/or abandoned. The net impact of these changes is that the project has encompassed the replacement or abandonment of about 360 miles of pipe. However, the footprint of the GT system after abandonment as of the end of 2025 has been reduced to 296 miles. A net reduction of about 70 miles (or 19%) from the 367 mile starting point.

⁴ Docket Nos. A-2018-3006061, A-2018-3006062 and A-2018-3006063

1 Please note that the Company is proposing to include the plant and costs associated with
 2 maintaining the GT system in the claim in this case. Please refer to **Peoples Statement No.**
 3 **2 – the Direct Testimony of Andrew P. Wachter** for further discussion.

4
 5 MLX - Since 2020, the Company has installed approximately 211 miles of mainline pipe
 6 for a total cost of approximately \$161 million. Such mainline extensions vary from a short
 7 section for a single customer to miles long segments to and in subdivisions serving tens or
 8 hundreds of customers. The Company’s Tariff Rule 4 addresses the Company’s extension
 9 of its facilities and is consistent with the Commission’s regulations. The Company adheres
 10 to these tariff provisions when analyzing potential mainline extension projects. The
 11 following table summarizes the Company’s progress on its MLX program since 2020:

MLX Year	Miles		Dollars, Millions	
	pipe installed	cumulative total	capital	cumulative capital
2020	35	35	\$ 22	\$ 22
2021	24	59	\$ 21	\$ 42
2022	42	101	\$ 28	\$ 71
2023	38	139	\$ 33	\$ 104
2024	33	172	\$ 29	\$ 132
2025	39	211	\$ 29	\$ 161
total	211		\$ 161	

12
 13 There are over 12,000 projected connections associated with these projects.

14
 15 **Q. WHAT ARE THE DRIVERS FOR LTIP COST INCREASES?**

16 A. The cost increase between the 2021-2025 LTIP and the 2026-2030 LTIP is \$1.2 billion
 17 or about 60%. The major reasons for this cost increase are as follows:

1

Component	Approximate Value/% of the difference	Comment
Inflation (CPI-U)	\$341 million (28%)	When comparing both programs in 2025 dollars.
Intelis Meter Program	\$197 million (16%)	The estimated cost of the proposed five year Intelis meter change project.
Increase in miles	\$251 million (20%)	Additional program miles and an anticipated fewer miles of additional abandonments.
Portfolio changes	\$451 million (36%)	More challenging projects and damage prevention policy changes.

2

3

The graph shown below details the average cost per mile of the Company’s LTIP program.

4

From 2016-2019 the average cost per mile for the Company’s LTIP grew at an average

5

annual compound growth rate of approximately 4% per year. From 2020-2022 the

6

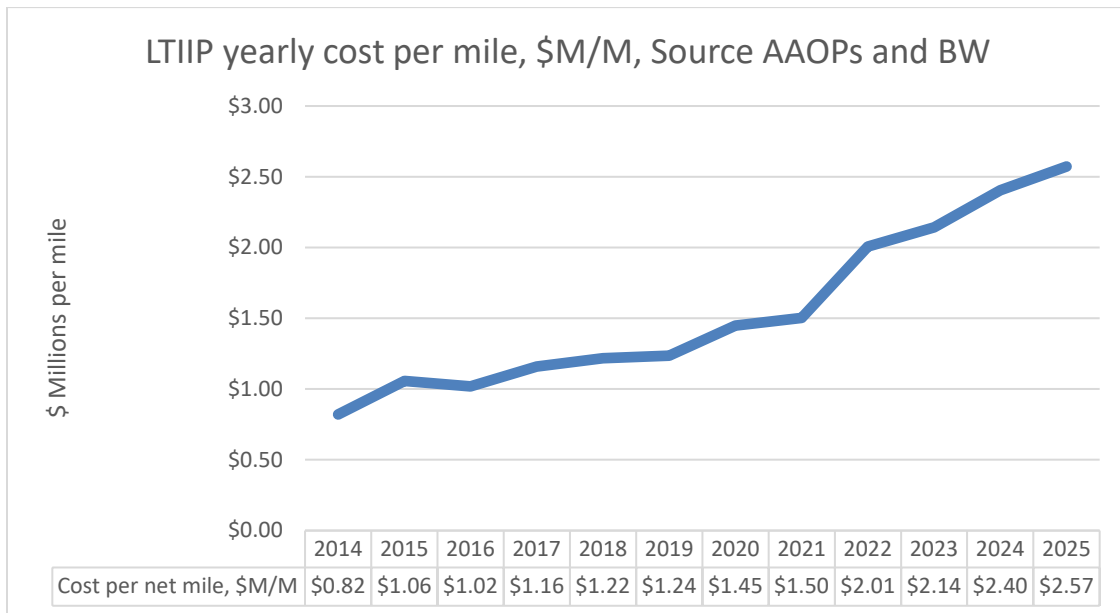
average cost per mile grew at an average annual compound growth rate of approximately

7

17% per year. From 2023 through 2025 the average cost per mile grew at an average annual

8

compound growth rate (“CAGR”) of approximately 8.6% per year.



9

1 The table below shows the cost increases by component. One, the CAGR was
 2 considerably higher than inflation from the 2019-2022 period. Two, restoration has grown
 3 significantly more than the other components and remains in double digit growth. Three,
 4 since 2023, and with the exception of restoration, cost growth has been modest and
 5 reasonable. And finally, restoration as a proportion of the total cost of the project has grown
 6 from 25% to 35%.

Cost per mile CAGR		
Component	2019-2022 CAGR	2023-2025 CAGR
restoration	19.1%	11.4%
contractor	19.6%	1.4%
overhead	7.2%	2.6%
company	12.8%	0.3%
total	15.6%	3.8%

Percent of project		
Component	avg 2019-2022	avg 2023-2025
restoration	25%	35%
contractor	33%	32%
overhead	27%	24%
company	8%	7%
other	7%	2%
total	100%	100%

7
 8
 9 While the cost data clearly shows increasing costs the Company has the following
 10 strategies and programs in place that help minimize the cost increases.

- 11 1. Synergy projects: Since 2014 when the three legacy utility companies (Peoples
 12 Natural Gas Company LLC, TWP and Equitable Gas) became affiliates, the
 13 Company has been able to avoid an estimated \$60 million of pipeline projects
 14 by replacing one pipeline when two companies had facilities on the same street,
 15 by making connections and eliminating redundant company pipelines and by
 16 switching customers to one facility.
- 17 2. Additional Abandonments: Additional Abandonments are a significant cost-

1 saving component of the LTIIP program. Since 2021 the replacement of over
2 100 miles of pipeline has been avoided by leveraging system overlap and
3 reviewing hydraulic models. Such additional abandonments have been realized
4 without adverse impacts to customers and saved an estimated \$200 million.

5 3. Restoration Co-ops – Co-ops can take the form of partnering and coordinating
6 work with other Utilities and entering into agreements with local municipalities
7 that allow/require the municipality to pave a Company Pipeline Project with
8 their local paving companies in conjunction with other local paving projects.
9 This simplifies and streamlines the paving schedule, shifts responsibility and
10 often results in lower cost to Peoples. Over 200 Co-op projects have been
11 completed since 2018, with 150 of those in the last five years. Since 2023 the
12 estimated cost savings related to Co-ops is about \$3.5 million.

13
14 **Q. WHAT ARE THE PROJECTED FUTURE TEST YEAR (“FTY”) AND FPFTY**
15 **AMOUNTS FOR THE COMPANY’S PIPELINE CAPITAL WORK PROGRAMS**
16 **IN THIS FILING?**

17 A. The Peoples’ estimated Pipeline Capital Work Plan (including LTIIP (mains and services),
18 GP, GT and MLX) spend for the FTY and FPFTY is \$604 million and \$632 million,
19 respectively. Peoples estimates that it will spend over \$1.1 billion in LTIIP (mains and
20 services) spending alone over the FTY and FPFTY.

21
22 **Q. WHY SHOULD THE COMPANY BE ALLOWED TO CONTINUE ITS CAPITAL**
23 **WORK AS EXPLAINED IN THIS TESTIMONY?**

1 A. Through its capital work programs, the Company is able to modernize its infrastructure
2 from which it ultimately serves homes and businesses in its service territory. By replacing
3 its aging infrastructure and installing state of the art infrastructure, the Company is able to
4 ensure the safe and reliable delivery of natural gas service to its customers. Moreover,
5 upgrading older pipelines helps to protect the environment by reducing methane emissions
6 associated with leak prone, older pipelines. The Program Tables above shown that Peoples
7 consistently executes its capital plans year after year. The Company has proven it can
8 execute its capital plans and should be able to continue its capital program spending at the
9 estimated levels identified in its FTY and FPFTY to meet its infrastructure investment
10 commitments and for the continued safe and reliable distribution of natural gas. The
11 replacement of the remaining 2,100 miles of in-service bare steel, cast/wrought iron and
12 first generation plastic must continue. For more information on the benefits of our capital
13 programs, please see **Peoples Statement No. 1 – the Direct Testimony of Michael**
14 **Huwar.**

16 **OTHER CAPITAL ASSET PROJECTS**

17 **Q. IS THE COMPANY INVESTING IN IT'S STORAGE ASSETS? IF SO, PLEASE**
18 **BRIEFLY OUTLINE THE PROGRAM.**

19 A. Yes, the Company is investing in its on-system storage assets. The Company has five on-
20 system storage fields. In 2023, the Company initiated a project to evaluate the five fields,
21 which consisted of 21 storage wells (with average well age of 62 years), five compressor
22 stations, and 13 miles of storage pipeline. The five fields collectively provide 55MMscfd
23 of deliverability and 2.1 Bcf of working gas. The purpose of the evaluation was to assess

1 the assets from a risk point of view and evaluate options to reduce the risk and maximize
2 value. The need for this evaluation was driven by Storage Integrity and high-profile events
3 in the industry. Based on the evaluation, the Company developed a five year \$20 million
4 capital plan to address the wells. In 2024 and 2025, the Company invested \$6.7 million in
5 Storage resulting in the Plugging and Abandonment of 6 of the 21 wells (without a material
6 impact on deliverability), installed new well heads on three wells, and modernized
7 weatherization on 7 wells. The progress through 2025 resulted in a 50% reduction in
8 relative risk. The Company plans to continue the Storage work through at least 2028.
9 Future projects include Well head upgrades, drilling new/replacement wells, and access
10 and security improvements.

11
12 **Q. PLEASE DESCRIBE THE COMPANY'S PLAN TO INVEST IN INTELIS**
13 **METERS.**

14 A. The Intelis meter is an ultrasonic based meter with enhanced safety features including high
15 pressure and high flow shut off. Because of these safety features, the Intelis meter is a
16 significant industry game changer. It provides risk reduction for the natural gas delivery
17 system downstream of the meter. High pressure automatic shut off capability will reduce
18 the probability of a high-pressure event in the customer's dwelling. Similarly, the high flow
19 safety feature reduces the probability of a large amount of gas escaping into a dwelling
20 from a fractured pipe, fitting, or incorrect or improper removal of an appliance. Because of
21 these significant safety features, the Company began a program in 2024 to install Intelis
22 meters (they are only sized for the typical residential and small commercial size classes).
23 As of December 31, 2025, the Company has installed over 100,000 Intelis meters. In the

1 Company's 2026-2030 LTIP the Company proposes to install Intelis on the remaining
2 eligible meters (about 600,000) over five years. The estimated cost of this investment over
3 the 2026-2030 is \$197 million.
4

5 **Q. DOES THE COMPANY HAVE PLANS TO ADD A SECOND FEED TO THE**
6 **ALTOONA SERVICE AREA?**

7 A. Yes, the Company has a five year, \$68.5 million project to add a second feed to the Altoona
8 service area. (The Altoona service area, approximately 38,000 customers, is currently
9 supplied primarily by one 26 mile transmission pipeline that still contains 12 miles of bare
10 steel pipe.) The project which physically starts in 2026 will be completed in 2030. The
11 primary components of the project include a new tap and feed from an interstate pipeline,
12 replacing 11 miles of existing 8" pipeline, installing 2.5 miles of new pipeline. Completion
13 of the project will reduce the probability of a significant outage due to a damage or failure
14 of the primary supply line. It will also facilitate the replacement of remaining 12 miles of
15 bare steel transmission pipe in the primary feed. Approximately \$30 million of this project
16 are included in the investments in this proposed rate case.
17

18 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

19 A. Yes, it does.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
 :
 :
 :
 v. : Docket No. R-2026-3060855
 :
 :
 PEOPLES NATURAL GAS COMPANY LLC :
 :

**PREPARED DIRECT TESTIMONY OF
ANGELA JIANG
VICE PRESIDENT, TAX
PEOPLES NATURAL GAS COMPANY LLC**

DATE SERVED: March 27, 2026

Peoples Statement No. 7

DATE ADMITTED: _____

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2
3 A. My name is Angela Jiang, and my business address is 762 West Lancaster Avenue, Bryn
4 Mawr, Pennsylvania 19010.

5
6 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

7 A. I am employed as Vice President, Tax for Essential Utilities, Inc. (“Essential”), the parent
8 company of Peoples Natural Gas Company LLC (“Peoples” or the “Company”).

9
10 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL AND EDUCATIONAL**
11 **BACKGROUND.**

12 A. I graduated from the University of Delaware’s Lerner School of Business in 1997 with
13 a Master of Science degree in Accounting. I am a Certified Public Accountant (“CPA”) in
14 the Commonwealth of Pennsylvania. I worked at PricewaterhouseCoopers LLP for five
15 years in the Philadelphia office and obtained my CPA license in 1999. I began my career
16 in the utility industry in November 2002, when I joined PECO Energy, a subsidiary of
17 Exelon Corporation, as a Principal Tax Analyst. During my thirteen years at Exelon, I had
18 the opportunity to support the ratemaking process by reviewing the utility’s accrual for
19 income tax liabilities, calculating the year end provision as well as the actual federal and
20 state liability calculations, and analyzing the flow through and normalized deferred tax
21 accounts. Prior to joining Essential in August 2024, I have held the position of Tax Director
22 in the energy industry with AES Corporation in Arlington VA and Enviva Corporation in
23 Bethesda MD.

24

1 **Q. WHAT ARE YOUR DUTIES AS VICE PRESIDENT OF TAXES?**

2 A. My primary responsibilities include oversight of the Company’s income tax functions with
3 responsibility for the tax aspects of acquisitions, planning, risk management, financial
4 reporting and compliance. I oversee and manage accounting for income taxes under ASC
5 740 and ASC 980, and federal and state tax compliance filings for all subsidiaries. I assist
6 in regulatory filings including base rate cases for the regulated businesses. In addition, I
7 perform tax research and provide budget information and guidance on tax matters.

8
9 **Q. HAVE YOU BEEN A WITNESS IN MATTERS PREVIOUSLY BEFORE THE**
10 **COMMISSION?**

11 A. No, I have not.

12
13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14 A. First, I will explain the calculation of the Company’s federal and state income tax expense
15 claims in this case and the tax balances included in rate base. Second, I will explain the
16 Company’s mechanism related to the realization of its Pennsylvania State Net Operating
17 Loss (“NOL”) carryforward and the State NOL Valuation Allowance. Third, I will provide
18 an update on how the Company is reflecting the effects of its tax treatment of repairs
19 pursuant to the terms of the Joint Petition for Settlement and Approval of Tax Repairs Sur-
20 credit (the “TRS”), which was approved by the Commission in Docket No. P-2020-
21 3021191, including how the Company is reflecting the effects of its tax treatment of repairs
22 under Revenue Procedure 2023-15 (the “Gas Safe Harbor”), and the Company’s 2023 Base
23 Rate Case, Docket No. R-2023-3044549. Fourth, I will describe how the reduction in the

1 Pennsylvania Corporate Net Income (“CNI”) tax rate affects the development of the
2 Company’s revenue requirement in this case.

3
4 **Q. ARE YOU SPONSORING ANY EXHIBITS AS PART OF YOUR TESTIMONY?**

5 A. Yes, I am sponsoring **Peoples Exhibit No. 7** (Income Taxes) along with the filing
6 requirements and standard data requests identified in Appendix A to this testimony as well
7 the accumulated deferred tax components of Rate Base included in **Peoples Exhibit No. 8**.

8
9 **Q. WERE YOU INVOLVED IN THE PREPARATION OF THE TAX-RELATED**
10 **INFORMATION SUBMITTED IN THIS PROCEEDING?**

11 A. Yes. I participated in the preparation and review of the information along with members of
12 the Company’s tax department.

13
14 **Q. WHAT SCHEDULE SETS FORTH THE COMPANY’S CALCULATION OF ITS**
15 **INCOME TAX EXPENSE?**

16 A. **Peoples Exhibit No. 7** includes all filing requirements related to income taxes.
17 Specifically, **Peoples Exhibit No. 7, Schedule 8** sets forth the calculation of income tax
18 expense.

19
20 **THE COMPANY’S CALCULATION OF FEDERAL AND STATE INCOME TAX**

21 **Q. PLEASE EXPLAIN THE BASIS FOR THE FEDERAL AND STATE INCOME**
22 **TAX COMPUTATIONS SET FORTH IN PEOPLES EXHIBIT NO. 7, SCHEDULE**
23 **8.**

1 A. **Schedule 8 of PPL Exhibit No. 7** contains four income tax expense computations: one for
2 the Historic Test Year (“HTY”) at base rates then in effect (which are the same as current
3 base rates), one for the Future Test Year (“FTY”) at current base rates, one for the Fully
4 Projected Future Test Year (“FPFTY”) at current base rates, and one for the FPFTY at the
5 rates proposed by the Company. All four of the computations employ the same
6 methodology but, since it is the level of income tax expense applicable to the FPFTY at
7 proposed rates that is of greatest relevance in this case, I will describe that computation
8 (columns G and I). First, the schedule shows the computation of current state and federal
9 income tax expense – that is, the income tax that would be paid with respect to operations
10 during the year assuming the projected levels of income and expense are achieved. The
11 second part is the computation of deferred federal and state tax expense. The two
12 components, when combined, equal the Company’s total income tax expense to be
13 recovered in proposed base rates.

14
15 **Q. PLEASE DESCRIBE THE CALCULATION OF CURRENT INCOME TAX**
16 **EXPENSE.**

17 A. The purpose of this calculation is to derive income tax expense attributable to the
18 Company's regulated gas operations. The calculation starts on line 1 with Operating
19 Income before Taxes and Interest (“OIBTI”). The calculation of current income tax
20 expense begins with pre-tax income (operating income before income taxes and before
21 interest expense). OIBTI, derived from **Peoples Exhibit No. 2, Schedule 4**, reflects the
22 items of income and expense for the provision of natural gas service. There are adjustments
23 made to OIBIT that are the same for both federal and state income tax purposes. These are

1 interest expense, meals and entertainment, tax repairs deduction, Sec 263A capitalized
2 interest, contributions in aid of construction, cost of removal, UNICAP 263A inventory
3 and book depreciation.

4 Interest expense (line 2) is not reflected in pre-tax income but is deductible for both
5 federal and state income tax purposes. Consequently, an adjustment must be made. The
6 interest deduction, calculated at **Peoples Exhibit No. 2, Schedule 4**, is the product of
7 multiplying Peoples' weighted overall cost of debt by its regulated rate base for the same
8 period. This calculation "synchronizes" the tax deduction with the rate base supported by
9 the underlying debt and is consistent with the approach used in previous rate proceedings.
10 Meals & entertainment expense (line 4) is a permanent difference addback. Under federal
11 tax law, most of the Company's meals and entertainment expenditures that are expensed
12 for book purposes are not deductible for tax purposes. Thus, an adjustment is necessary to
13 increase taxable income.

14 The tax repairs deduction (line 7) is the deduction that the Company projects it will
15 claim during the test years for both federal and state income tax purposes. Tax repairs book
16 depreciation (line 8) is comprised of the book depreciation reversal on the 481(a) deduction
17 taken in 2020 for the repair method change, as well as the book depreciation reversal on
18 the current and on-going deductions taken since the tax accounting method change and the
19 adoption of the Gas Safe Harbor, Rev. Proc. 2023-15.

20 Other property differences flow through (line 9) is comprised of an addback for the
21 reversal of like kind exchange benefits that are now reversing through book depreciation
22 over the life of the property.

1 Sec 263A interest (line 12) is an addback for the differences in the methodology for
2 capitalizing construction period interest under the IRS rules.

3 Contributions in Aid of Construction (“CIAC”) (line 13) is an addback for customer
4 payments towards the construction of facilities that are not income for book purposes but
5 are taxable to the Company. Assets depreciated for book purposes have a cost basis net of
6 CIAC, whereas for tax purposes, the basis is not reduced for CIAC. In subsequent years,
7 this basis difference yields a tax depreciation deduction which is greater than the deduction
8 for book purposes.

9 Cost of removal (line 14) is a deduction for tax purposes when incurred. Under
10 Pennsylvania regulatory accounting principles, these costs are amortized over the five-year
11 period subsequent to the year in which the cost is incurred.

12 Property basis differences, other (line 15) is an adjustment for the differences in
13 book and tax depreciation on equipment and vehicles required to be capitalized when assets
14 are self-constructed.

15 UNICAP 263A inventory (line 16) is a deduction for the differences in overhead
16 costs capitalized to inventory for tax purposes under the IRS rules. These differences
17 reverse as gas is withdrawn from storage.

18 Book depreciation is added back to both the federal and state computation (line 11)
19 and tax depreciation is then deducted for both state and federal income tax purposes (line
20 11).

21
22 **Q. WHAT DEPRECIABLE LIVES AND DEPRECIATION METHODS DOES THE**
23 **COMPANY USE FOR FEDERAL INCOME TAX PURPOSES?**

1 A. The Company uses the following depreciable lives and depreciation methods for tax
2 purposes:

3 Utility Property Vintages

4 1969 and prior 50 years (1) Straight-Line

5 1970 50 years (1) Double Declining Balance Switching to Straight-Line

6 1971 to 1980 40 years (2) Double Declining Balance Switching to Straight-Line

7 1981 to 1986 15 years Accelerated Cost Recovery System (ACRS)

8 1987 to April, 2005 20 years Modified Accelerated Cost Recovery System
9 (MACRS)

10 April, 2005 to December, 2010 15 years MACRS

11 January, 2011 and subsequent 20 years MACRS

12 Tax Exempt Financed Property 50 years Straight-Line

13 Buildings

14 1970 and prior 45 years (1) Straight-Line

15 1971 to 1980 45 years (2) Straight-Line

16 1981 to 1984 (portion) 15 years ACRS

17 1984 (portion) to 1985 18 years ACRS

18 1986 19 years ACRS

19 1987 and subsequent 31 1/2 years Straight-Line

20 Office Equipment

21 1970 and prior 10 years (1) Straight-Line

22 1971 to 1980 8 years (2) Double Declining Balance

23 1981 to 1986 5 years ACRS

1 1987 and subsequent 7 years MACRS

2 Qualified Technological Equipment

3 1987 and subsequent 5 years MACRS

4 (1) Guideline Lives

5 (2) Lives under Asset Depreciation Range (“ADR”)

6

7 **Q. WHY DO THE FEDERAL AND STATE TAX DEPRECIATION AMOUNTS**
8 **DIFFER FROM ONE ANOTHER?**

9 A. Under Pennsylvania law, the method of depreciation for state income tax does not always
10 conform to the method utilized for federal income tax, primarily due to the years when the
11 state decoupled from federal bonus depreciation. The difference between the two methods
12 results in an adjustment to derive state taxable income. This is reflected in the PA
13 depreciation adjustment (line 20).

14

15 **Q. IS THERE ANOTHER ADJUSTMENT NECESSARY TO DERIVE STATE**
16 **TAXABLE INCOME?**

17 A. Yes. In past years, the Company’s regulated operations have produced tax net operating
18 losses (“NOLs”) for Pennsylvania income tax purposes. As of December 31, 2027, the
19 Company projects that it will have a state net operating loss carryforward (“NOLC”) of
20 over \$1.3 billion. Under Pennsylvania law, this NOLC can offset state taxable income,
21 subject to both taxable income and time limitations. Pennsylvania law limits the NOLC
22 offset to a percentage of the state taxable income produced. This limit was 35% in 2018
23 and 2019 and increased to 40% in 2020-2025. Under legislation signed in July 2024 (Act

1 56), this cap will gradually increase in 10% annual increments starting in 2026 until it
2 aligns with the federal limit of 80% by 2029. Net losses incurred in tax years beginning
3 before January 1, 2025, remain subject to the 40% cap indefinitely, even if used in a later
4 year. Losses incurred in 2025 and later benefit from the higher phased-in percentages,
5 though the total deduction (pre- and post-2024 combined) cannot exceed the cap for that
6 specific tax year. There is no utilization of these NOLCs reflected in the FPFTY due to the
7 level of tax deductions. The state NOLC is increasing into the FPFTY.

8
9 **Q. ARE THERE ANY OTHER ADJUSTMENTS?**

10 A. Just one. Since state income taxes are deductible for federal purposes, once the current state
11 income tax liability is computed (column I, lines 24 & 25) by multiplying state taxable
12 income (column I, line 23) by the state income tax rate, that amount is deducted to derive
13 federal taxable income. Federal taxable income is then multiplied by the 21% federal
14 income tax rate.

15
16 **Q. WHAT IS THE TOTAL CURRENT INCOME TAX PROVISION?**

17 A. Total current income tax expense for the FPFTY at proposed rates is projected to be \$0 for
18 both current federal and state income tax expense in the FPFTY. As previously stated, the
19 level of current and projected tax deductions results in net operating losses for both federal
20 and state taxable income. When a company is in a net operating loss there are no current
21 taxes payable.

1 **Q. PLEASE EXPLAIN THE DEFERRED INCOME TAX COMPONENT OF THE**
2 **COMPANY’S TOTAL INCOME TAX EXPENSE.**

3 A. Pennsylvania regulatory policy is, generally, to charge customers a level of tax expense
4 equal to the taxes the utility expects to pay currently. This is referred to as “flow through”
5 tax accounting. However, there are exceptions to this policy – particularly as it relates to
6 the Federal tax benefits of accelerated depreciation (which is subject to the tax
7 normalization rules). Further, in the Company’s case, because of the settlement of the
8 Petition for Accounting and Regulatory Approvals and Approval of Related Tariff Sur-
9 credits Associated with Tax Repair Election Docket No. P-2020-3021191, there is also an
10 exception for the Section 481(a) adjustment (the so-called “catch-up” adjustment) relating
11 to the tax repairs change in accounting method. The Company agreed to amortize the tax
12 effect of the catch-up deduction in the manner set forth in the settlement of the TRS, as I
13 explain later in my testimony. As to accelerated depreciation related to property subject to
14 the normalization requirement, the Company records federal deferred taxes. The provision
15 of deferred income taxes is the accounting and ratemaking mechanism that implements the
16 normalization requirement the Internal Revenue Code imposes as a condition for using the
17 liberalized depreciation methodologies allowed for income tax purposes. The
18 normalization requirement does not permit the tax benefit of tax depreciation in excess of
19 book depreciation to be flowed through to customers as a tax deduction in the year(s) those
20 deductions occur. Instead, the tax effects of those amounts are recorded as deferred taxes.
21 These taxes are deferred, not eliminated; the taxes that are deferred will be paid to the
22 government later in the life of the depreciable asset when the relationship between book
23 and tax depreciation reverses. To recognize the fact that deferred taxes are a source of

1 capital to the Company that does not have an attendant capital cost, accumulated deferred
2 income taxes (“ADIT”) are deducted from rate base for ratemaking purposes. The
3 Company’s deferred tax expense in this case also includes the flow-through of excess
4 accumulated deferred income taxes, as described later in my testimony.

5
6 **Q. PLEASE EXPLAIN THE PROVISION OF DEFERRED INCOME TAX EXPENSE**
7 **FOR ACCELERATED DEPRECIATION.**

8 A. As I introduced earlier, deferred income tax expense arises from the normalization
9 requirement imposed by the Internal Revenue Code and reflects the difference between tax
10 depreciation and book depreciation for post-1969 utility property. Tax depreciation is
11 calculated by multiplying the tax basis of assets by the applicable depreciation rates used
12 for income tax purposes. The applicable depreciation rates are a function of the depreciable
13 lives and depreciation methods that I previously described for each relevant vintage of the
14 Company’s property. Because depreciable lives and methods differ based on the year plant
15 was placed in service, the difference between tax and book depreciation and the associated
16 tax effect differs depending on the vintage year of the property involved. For assets
17 acquired prior to 1970, there are no deferred taxes because this property was not subject to
18 a normalization requirement. In total, the difference between tax depreciation and book
19 depreciation (Exhibit No. 7, Schedule 8, Attachment 2, line 3) when multiplied by the 21%
20 federal income tax rate is \$13,936,180 for the HTY.

21
22 **Q. DOES THE COMPANY RECORD DEFERRED STATE INCOME TAX EXPENSE**
23 **RELATED TO ITS USE OF ACCELERATED DEPRECIATION?**

1 A. No, on property related differences it does not. The federal tax normalization rules only
2 apply to the federal income tax. The only deferred state income taxes recorded are for the
3 temporary differences related to UNICAP 263A Inventory and Line Pack Gas. These
4 differences are treated as normalized for state income taxes and the related state deferred
5 taxes are included in rate base because the underlying assets giving rise to the temporary
6 differences are included in rate base. In addition, there is deferred state income tax expense
7 for the recovery of deficient state deferred income tax as a result of the state income tax
8 rate decrease on line 27 in the amount of \$175,807 which I will address later in my Direct
9 Testimony.

10

11 **Q. PLEASE EXPLAIN THE EFFECT OF PROVIDING THE FINANCIAL**
12 **STATEMENT TAX BENEFIT OF THE CATCH-UP ADJUSTMENT TO**
13 **CUSTOMERS, ON THE COMPANY'S DEFERRED INCOME TAX EXPENSE.**

14 A. The tax benefit derived from the catch-up adjustment calculated when the Company
15 changed its accounting method is providing a rate reduction to customers through a sur-
16 credit on customer bills. Due to the differences in depreciation methods under Pennsylvania
17 state law, as discussed earlier in my Direct Testimony, the Company had a higher tax basis
18 for state purposes to which the Section 481(a) calculation was applied. The state 481(a)
19 adjustment included in the sur-credit calculation is \$486.6M, while the Federal deduction
20 is \$473.8M. Both amounts have been updated to incorporate the impact of finalized 481(a)
21 deductions which I detail later in my testimony. The total benefit that will be provided to
22 customers was calculated based on the respective basis and rate, which is the Pennsylvania
23 basis at the Pennsylvania rate net of Federal benefit or 7.1%; and the Federal basis at the

1 Federal rate of 21%. As the sur-credit is provided, the Regulatory Liability that accounts
2 for the benefit to be returned, amortizes to and reduces the Company's deferred income tax
3 expense. This reduction is \$9,929,504 as reflected in column A, on line 39 of Exhibit 7,
4 Schedule 8, for the HTY. The level of amortization included in the FPFTY is \$3,421,264,
5 which is lower to reflect the changes agreed to in the last base rate case. Please refer to
6 **Peoples Statement No. 2 - the Direct Testimony of Andrew P. Wachter** for further
7 discussion of the TRS and returning the tax benefit to customers of the Section 481(a)
8 amortization in rates. I will discuss the tax implications later in my testimony.

9
10 **Q. PLEASE EXPLAIN THE IMPACT OF THE EXCESS ADIT ON THE**
11 **COMPANY'S DEFERRED INCOME TAX EXPENSE.**

12 A. The Company's deferred tax expense is reduced by the flow-back to customers of a portion
13 of the excess ADIT resulting from the reduction in federal tax rate from 35% to 21% as
14 legislated by the Tax Cuts and Jobs Act of 2017 ("TCJA") tax rate reduction. As proposed
15 and accepted in the Company's prior rate filing, Docket No. R-2018-3006818, the flow-
16 back of ADIT resulting from accelerated depreciation ("protected ADIT") is computed
17 using the Average Rate Assumption Method ("ARAM") and is \$1,103,475, as shown in
18 column A, on line 37, of Schedule 8 of Exhibit No. 7 for the HTY.

19
20 **Q. HOW ARE NOLCS REFLECTED IN DERIVING TAX EXPENSE?**

21 A. The federal NOLC is estimated to increase to \$1.6 billion by the FPFTY. Similar to the
22 state NOLC this is due to the increasing level of tax deductions greater than book income.
23 Federal NOLCs utilized offset 80% of the current year taxable income. The creation and

1 utilization of federal NOLs does not impact the overall federal income tax expense because
2 deferral of the benefits of the federal NOL are recorded to deferred income tax expense.
3 State NOLCs, incurred prior to 2025, utilized offset 40% of the current year taxable income
4 and State NOLC's, incurred after 2025, utilized offset 40%-80% of current year taxable
5 income beginning in 2026. In contrast to the Federal NOLCs, the creation and utilization
6 of the state NOLCs either decrease the overall state income tax expense (in the event of
7 state NOLC utilization) or increase the overall state income tax expense (in the event of
8 state NOLC creation) because the tax consequences of the creation and utilization of the
9 state NOLC are not reflected in deferred income tax expense. This flow through tax
10 accounting is consistent with Pennsylvania regulatory policy and the Company's treatment
11 of not recording deferred state income tax expense on property related differences.
12

13 **Q. WHAT IS THE COMPANY'S TOTAL PROJECTED DEFERRED INCOME TAX**
14 **EXPENSE?**

15 A. The total amount of these various components constitutes the Company's anticipated
16 federal deferred tax expense of (\$47,121,599) for the FPFTY at proposed rates as set forth
17 on Schedule 8 of Exhibit Nos. 7. The corresponding state amount is \$175,807.
18

19 **Q. WHAT IS THE COMPANY'S TOTAL PROJECTED INCOME TAX EXPENSE?**

20 A. The Company projects total federal income tax expense of (\$47,121,599) and state income
21 tax expense of \$175,807. The reason for the large negative total federal income tax expense
22 (benefit) is that the federal tax benefit of the tax repairs deduction is being flowed through

1 to customers in this case. I will explain the consequences of this treatment later in my
2 testimony.

3
4 **THE COMPANY'S CALCULATION OF TAX BALANCES IN RATE BASE**

5 **Q. HOW IS THE ADIT SET FORTH IN THE COMPANY'S RATE BASE**
6 **CALCULATION DERIVED?**

7 A. The ADIT for the rate base calculation, as shown on Schedule 8, Attachment 2 of Exhibit
8 8, is calculated by including the normalized deferred taxes and the unamortized excess
9 ADIT related to the 35% to 21% tax rate reduction resulting from the tax law changes made
10 in 2017 under the TCJA at the end of the FPFTY. This amount is \$123,551,222 (Schedule
11 8, Attachment 2 of Exhibit 7 lines 31-44 and lines 49-50). The unamortized excess ADIT,
12 line 62, is recorded in a regulatory liability and discussed later in my testimony.

13
14 **Q. WHY IS THE ADIT REFLECTED AS AN INCREASE TO RATE BASE IN THIS**
15 **CASE?**

16 A. Typically ADIT in rate base is a large deferred tax liability due to the property related book
17 versus tax differences that are normalized for federal income taxes resulting in a decrease
18 to rate base, however, as a result of using different depreciable lives and methods to
19 depreciate property for tax purposes as well as taking tax repairs deductions, the Company
20 has experienced net taxable losses and projects net taxable losses in the FTY and FPFTY.
21 The result is that the Company booked and will continue to book deferred federal income
22 taxes in those years for which the Company has not received any cash for the losses. The
23 Company cannot reflect an increase in deferred taxes for tax depreciation deductions that

1 have not been realized. To do so would violate the principles of the Normalization
2 requirements under the Internal Revenue Code. Past IRS rulings addressing this issue have
3 made it clear that companies cannot reduce rate base for benefits that have not been
4 realized. Therefore, included as an increase to rate base is a deferred tax asset in the amount
5 of \$343,315,488 (line 38) which represents the remaining balance of un-utilized federal net
6 operating loss. As a consequence of the flow through treatment of the tax repairs deduction,
7 the federal deferred tax liability for the amount owed to the IRS for the future reversal of
8 the tax repairs deduction through book depreciation expense is adjusted out of rate base
9 (line 46) since customers are receiving the tax benefit through cost of service. Had the tax
10 benefit of the tax repairs deduction not been flowed through in cost of service, the deferred
11 tax liability would be included in rate base resulting in a significant reduction to rate base.
12 This results in a net increase to rate base for ADIT as shown on lines 60 and 61 of Schedule
13 8, Attachment 2 of Exhibit 7. I discuss the inclusion of state deferred taxes later in my
14 testimony.

15
16 **Q. HOW ARE EXCESS DEFERRED TAXES REFLECTED IN RATE BASE?**

17 A. The property related ADIT on lines 31-35 are at the 21% statutory rate, then the excess
18 ADIT resulting from the TCJA rate reduction is recorded in the regulatory liability for
19 excess ADIT (line 62) in the amount of (\$84,072,954) and included as a reduction to rate
20 base. This balance represents the remaining amount, after tax gross-up, due to customers
21 for the collection of taxes from customers at higher federal rates for book vs tax differences
22 that will reverse at the current 21% rate in the future. The regulatory liability balance

1 includes the gross-up for taxes, therefore, also included in rate base are the associated
2 deferred tax assets that represent the tax gross-up of the regulatory liability on line 39.

3
4 **Q. ARE THERE ANY OTHER ADJUSTMENTS TO ADIT INCLUDED IN RATE**
5 **BASE?**

6 A. Yes, there are. On Exhibit 7, Schedule 8, Attachment 5, the Company has calculated a
7 projected test period normalization adjustment. Whenever there are estimated changes in
8 the deferred taxes that occur in a future rate period, the Normalization requirements of the
9 Internal Revenue Code require that the deferred taxes be reflected on a pro rata basis as
10 provided under Reg. Section 1.167(I)-1(h)(6)(ii). A future test period is defined as that
11 portion of the test period after the effective date of the rate order. Under the pro rata basis,
12 the change in the deferred taxes is determined by multiplying the change by a fraction of
13 the number of days remaining in the period at the time such change is to be accrued over
14 the total number of days in the future period. Applying this calculation results in an increase
15 to deferred taxes (decrease to rate base) of \$647,056 as shown on Exhibit 7, Schedule 8,
16 Attachment 5, line 20.

17
18 **Q. WHAT IS THE EFFECT OF THE DEFERRED TAX ASSET FOR THE STATE**
19 **NOLC REFLECTED IN RATE BASE IN THIS CASE?**

20 A. On Schedule 8, Attachment 2 of Exhibit 7, line 51 there is a deferred tax asset for the State
21 NOLC generated based on the level of regulated operations and tax deductions through the
22 FPFTY. This does not include the historical tax repairs (481(a) tax repairs and tax repairs
23 deductions prior to the HTY). The State NOL ADIT is an increase to rate base even though

1 the State NOLC creation did not result in any deferred tax expense being reflected in rates
2 through cost of service since there is also a deferred tax liability for the State NOLC
3 valuation allowance, Line 52, included in rate base. See the next section of my testimony
4 for a discussion of the State NOLC valuation allowance. The State NOLC deferred tax
5 asset and the State NOLC deferred tax liability result in a net zero rate base impact when
6 combined.

7 On line 65, there is a Regulatory Asset Valuation Allowance for the State NOL
8 Historical Repairs. It has been grossed-up for taxes and the deferred taxes representing the
9 tax gross-up (line 42) have also been included in rate base. This amount represents the State
10 NOLC generated by the 481(a) tax repairs deduction which the Company has provided to
11 customers but not monetized and is thus referred to as State NOL Historical Repairs. It is
12 included in rate base because the Regulatory Liability for the 481(a) Tax Repairs has been
13 included as a reduction to rate base on line 69. Since the Regulatory Liability is grossed-
14 up for taxes, the deferred taxes representing the tax gross-up (line 43) have also been
15 included in rate base. Even though the Company has not been able to monetize the State
16 NOLC created by the historical repairs deductions, the Company has been providing the
17 tax benefits to customers through the TRS at the tax rate before phase down of 9.99%. The
18 carryforward limitations on the State NOLC create a situation where the Company has
19 provided tax benefits to customers that more likely than not will never be monetized
20 through future state income tax deductions. The Regulatory Asset Valuation Allowance
21 State NOL Historical is the mechanism that allows the Company to recover amounts over
22 refunded to customers via the TRS. Lastly on line 68 is the Regulatory Liability Collar
23 Adjustment which is grossed up for taxes so the deferred taxes representing the tax gross-

1 up (line 44) have also been included for a net reduction to rate base. I will discuss the Collar
2 Adjustment in more detail later in my testimony.

3
4 **STATE NOLC AND VALUATION ALLOWANCE**

5 **Q. WHAT IS A VALUATION ALLOWANCE?**

6 A. Under ASC 740, companies must value deferred tax assets, including net operating loss
7 carryforwards, at the amount to be realized. A valuation allowance is a reserve that is used
8 to offset the amount of a deferred tax asset, such as the deferred tax asset on a net operating
9 loss, that could not be monetized due to insufficient taxable income or other limitations.
10 The amount of the allowance is based on that portion of the tax asset for which it is more
11 likely than not that a tax benefit will not be realized by the reporting entity.

12
13 **Q. HOW IS A VALUATION ALLOWANCE DETERMINED?**

14 A. The Company projects its taxable income for future periods. The projections include
15 estimates of capital spending, revenues, depreciation expense, operating expenses and
16 other items impacting income before taxes and taxable income. The Company then
17 estimates the amount of net operating loss carryforward that will be utilized, if any, in each
18 future period. Based on this analysis, the Company projects it is more likely than not that
19 the state NOLC will not be fully utilized by the end of the state's 20-year NOL
20 carryforward limitation. In the case of Pennsylvania, this is largely affected by the taxable
21 income limitation on the utilization of the PA NOLC each year as well as the carryforward
22 period limitation.

1 **Q. IN THE EVENT THE STATE NOLC CANNOT BE FULLY UTILIZED WHAT**
2 **IMPACTS DOES THAT HAVE?**

3 A. As discussed earlier in my testimony, the Company has been refunding to customers the
4 tax benefit of the deduction for the tax repairs deductions through the TRS even though the
5 Company has not yet been able to monetize the tax benefits (i.e. the Company has not been
6 paying state income taxes nor has it been able to reduce the amount of cash it has to pay
7 for state taxes). A substantial portion of the state NOLC was generated by the catch-up
8 adjustment being refunded to customers by means of the TRS. The result would be that the
9 Company has refunded to customers more than it will eventually recognize in actual state
10 tax benefits.

11
12 **Q. HOW HAS THE COMPANY HANDLED THE RECOVERY OF THE AMOUNTS**
13 **REFUNDED TO CUSTOMERS THAT ARE NOT REALIZED DUE TO THE**
14 **STATE NOLC LIMITATIONS?**

15 A. To the extent the Company has returned to customers state tax benefits through the TRS
16 that it cannot monetize, the Company has received approval in the last base rate case to
17 recover these amounts from customers through the TRS. The following protections are in
18 place: To the extent that the benefit of the Company's state NOLC is affected by: (i) any
19 disallowance due to the 40%-80% taxable income limitation and the 20 year carryforward
20 limitation; (ii) any subsequent disallowance by a future IRS audit; (iii) any changes in tax
21 rate; or (iv) any change in rules or guidance that require a change to the originating amount
22 of the NOL.

23

1 **UPDATE ON THE COMPANY’S TREATMENT OF THE REPAIRS DEDUCTIONS**
2 **FOR RATEMAKING PURPOSES SINCE THE LAST BASE RATE CASE**

3 **Q. PLEASE DESCRIBE THE COMPANY’S RATEMAKING TREATMENT OF**
4 **REPAIRS IN THIS CASE.**

5 A. The ratemaking treatment for the Company’s repairs deduction, which includes the
6 treatment of the 481(a) adjustment and the ongoing current and going-forward benefits as
7 established originally in the TRS proceeding (Docket No. P-2020-3021191) continue to be
8 the Company’s ratemaking methodology reflected in this base rate case. The Joint Petition
9 for Settlement in the TRS, which was approved by the Commission, stated among other
10 things that:

11 1) The Rider Tax Repair Sur-credit will be credited to customers’ bills to provide a
12 rate reduction for the tax benefits of the 481(a) adjustment (the “catch-up”
13 adjustment) over 5 years,

14 2) The flow-through method of accounting for the tax benefits of the current and
15 going forward tax deduction of the Company’s tax repairs election is to be used
16 until the effective date of rates established in the Company’s next base rate case
17 filing,

18 3) The revenue requirement in the next base rate proceeding, which the Company
19 will file not later than December 31, 2023, will reflect the ongoing repair benefit in
20 the Company’s calculation of income tax expense (i.e., reduced effective income
21 tax rate) in its revenue requirement,

22 4) The Company will propose a tracker mechanism to account for variances
23 between the estimated net tax repair benefit incorporated into the Company’s

1 revenue requirement and the actual net tax repair benefit realized on the Company's
2 tax returns on a going-forward basis from the effective date of new base rates,
3 similar to the tracker mechanism adopted in the settlement of the Aqua
4 Pennsylvania, Inc. base rate case at Docket No. R-2018-3003558.

5 The proposed tracker mechanism will require the Company to return or recoup the
6 tax benefits associated with these variances to or from customers in an expeditious
7 manner; and

8 5) Subsequent Changes to Benefit of Catch-Up Deduction. To the extent that the
9 benefit of the Company's catch-up deduction is affected by: (i) any subsequent
10 disallowance by a future IRS audit; (ii) any changes in tax rate; or (iii) any change
11 in rules or guidance that require a method change and, therefore, a change of
12 benefit, permission is granted to defer those impacts for future refund or recovery
13 for customers.

14 As previously discussed, the Company has reflected the continued use of flow
15 through accounting for the tax benefit of the repairs deduction in this case while the benefits
16 of the 481(a) deduction, as adjusted for subsequent changes discussed later in my
17 testimony, continue to be returned to customers through the Rider TRS.

18
19 **Q. PLEASE DESCRIBE ADJUSTMENTS TO THE TRS MADE AS A RESULT OF**
20 **THE MOST RECENT BASE RATE CASE.**

21 A. Since the 2023 base rate case, Docket No. R-2023-3044549, the Company has adjusted the
22 amount of the catch-up adjustment to conform to Rev. Proc. 2023-15 as reflected in the

1 2024 income tax returns filed in October 2025. A summary of all the adjustments reflected
2 in the revised TRS since the 2023 base rate case are as follows:

3 1) Adjustment to reflect the reduced tax benefits as a result of the reduction in the
4 State CNI rate;

5 2) Adjustment to reflect the impacts of the new IRS regulations “Natural Gas Safe
6 Harbor” – IRS Rev. Proc. 2023-15 to the “Catch-Up” adjustment amount quantified
7 in Docket No. P-2020-3021191;

8 3) Adjustment to include the 481(a) adjustment for the former Peoples Gas Division
9 (“PG”);

10 4) Adjustment to include the 481(a) adjustment for Mandatory Relocations; and

11 5) Extend the amortization period from 5 years to 10 years including the amortized
12 amount as revised for the adoption of the Gas Safe Harbor rules.

13
14 **Q. IS THIS TREATMENT CONSISTENT WITH THE DICTATES OF THE TRS AND**
15 **2023 BASE RATE CASE ORDERS?**

16 A. Yes, it is.

17
18 **Q. DOES THE COMPANY PROPOSE TO DISCONTINUE THE TRS AND INCLUDE**
19 **THE REFUND OF THE CATCH-UP ADJUSTMENT IN THE CURRENT CASE?**

20 A. No. The treatment of the catch-up adjustment is discussed in **Peoples Statement No. 2 -**
21 **the Direct Testimony of Andrew P. Wachter**. Pursuant to the terms of the TRS Order,
22 the current and going forward repair benefit is included in the Company’s calculation of

1 income tax expense (i.e., reduced effective income tax rate) in its revenue requirement in
2 this base rate proceeding.

3
4 **Q. ARE THERE ANY OTHER UPDATES TO THE TREATMENT OF TAX REPAIRS**
5 **NOT PREVIOUSLY DISCUSSED?**

6 A. Yes, there is. In the 2023 base rate proceeding, Docket No. R-2023-3044549, the Company
7 proposed and got approval for a collar mechanism to record a regulatory asset or liability
8 in the event the level of the tax repairs deduction was \$10 million above or below the
9 amount included in the calculation of base rates effective with calendar year 2025. The
10 Company is proposing to adjust the collar limit and the level of repairs to be effective
11 January 1, 2027, which I address further below. Additionally, please see **Peoples**
12 **Statement No. 2 - the Direct Testimony of Andrew P. Wachter** for details of the
13 proposal.

14
15 **STATE TAX RATE CHANGE**

16 **Q. WHAT CHANGES IN PENNSYLVANIA TAX LAW HAVE BEEN ENACTED**
17 **THAT ARE IMPACTING THIS RATE CASE?**

18 A. House Bill 1342 was signed into law in Pennsylvania on July 8, 2022. The bill makes
19 significant changes to the Commonwealth's corporate net income tax laws:

- 20 • Corporate net income tax rate reduction from 9.99 to 4.99 percent over a period of
21 years;
- 22 • Sales factor changes; and
- 23 • Codification of economic nexus standards.

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Q. WHEN IS THE RATE REDUCTION EFFECTIVE?

A. House Bill 1342 reduces that rate incrementally to 4.99%. These rate reductions are scheduled to occur automatically and are not contingent on state tax revenues meeting or exceeding specific thresholds. The rate was first reduced to 8.99% for the 2023 tax year.

The rate is further reduced as follows:

- 8.49% for tax year 2024
- 7.99% for tax year 2025
- 7.49% for tax year 2026
- 6.99% for tax year 2027
- 6.49% for tax year 2028
- 5.99% for tax year 2029
- 5.49% for tax year 2030
- 4.99% for tax years beginning January 1, 2031, and thereafter.

Q. HOW HAS THE RATE REDUCTION BEEN REFLECTED IN THE INCOME TAX CALCULATIONS IN THIS CASE?

A. By the FPFTY the rate is 6.99%. Since the FPFTY consists of 12 months of 2027, the Company has used the 6.99% rate to calculate current state income tax expense for the FPFTY.

Q. WHAT ARE THE EFFECTS OF THE RATE CHANGE ON STATE DEFERRED INCOME TAXES?

1 A. Whereas, there are no state deferred income taxes on property related book versus tax
2 differences pursuant to Pennsylvania regulatory policy, there do exist state deferred income
3 taxes on non-property related book versus tax timing differences. As a result of the
4 declining state income tax rate, the Company has deferred tax assets and deferred tax
5 liabilities that are required to be remeasured to the reduced state income tax rate in effect
6 at the time. This resulted in a net regulatory asset for the deficient deferred state income
7 taxes in the amount of \$1,758,065 before the gross-up for taxes. The Company proposes to
8 amortize the regulatory asset over 10 years and has included an increase to state deferred
9 tax expense in the amount of \$175,807 (line 27) in the FPFTY.

10

11 **Q. HOW WILL FUTURE CHANGES TO THE STATE INCOME TAX RATE BE**
12 **REFLECTED?**

13 A. Future changes to the state income tax rate will be managed through the State Tax
14 Adjustment Surcharge (“STAS”), or in future base rate proceedings. The Company’s STAS
15 has been set to 0% for the state income tax rate since 2025, the effective date of rates from
16 the last base rate case. As I have previously explained, due principally to ongoing repair
17 deductions, the Company is also claiming \$0 current state income tax expense in this case.
18 Further, due to substantial state NOLs and expected continued high levels of repair
19 deductions, the Company does not anticipate paying any state income taxes into the
20 foreseeable future. For these reasons, the Company will not be reflecting reductions to the
21 CNI tax rate through the STAS during the period that base rates established in this case
22 remain effective. Future base rate cases will reflect the applicable CNI rate in effect at the
23 time, applied to the pro forma taxable income in those cases.

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Q. IS THE COMPANY REQUESTING THAT CERTAIN TAX RELATED PROVISIONS FROM ITS 2023 RATE CASE SETTLEMENT CONTINUE?

A. Yes. In order to maintain consistency in its tax treatment, the Company is requesting that the Commission approve the following tax provisions from its 2023 base rate case settlement, as updated herein.

- The Company’s STAS rate shall be reset to 0.00% upon the effective date of new rates.
- The TRSR will continue to apply to all customers, except for customers with negotiated rates.
- Effective with Calendar Year 2027, the level of tax repair benefits claimed in the calculation of income tax expense shall have a collar of \$13.5 million applied on the higher and lower end of the net repairs deductions incorporated into base rates. If the net repairs deductions for Peoples vary by more than \$13.5 million above or below the \$507.5 million amount included in base distribution rates in this proceeding, Peoples will record a regulatory asset or liability for the related income tax expense impacts of the repairs deduction variations above \$521 million or below \$494 million. The effective date of the revised collar will be January 1, 2027.
- Peoples shall report on the regulatory asset or liability amounts of the net repairs deduction income tax impacts in its quarterly earnings reports after the conclusion of the FPFTY. Within 30 days of reporting a regulatory asset or liability with a net cumulative income tax impact amount of \$25 million or larger, Peoples shall file

1 with the Commission and shall copy the statutory parties, a plan for recovering or
2 refunding the regulatory asset or liability amount to customers.

- 3 • If there are remaining deferrals of the differences in income tax expense for
4 Peoples' net repairs deductions, the balance shall be addressed in Peoples' next
5 base rate case based on the recorded regulatory asset and liability amounts.
- 6 • Whether similar recording of the impact on current income tax expense from net
7 repairs deduction variations above or below a collar in a regulatory asset or liability
8 account should continue shall also be re-evaluated in Peoples' next base rate case.
- 9 • Changes resulting from the enactment of the TCJA created differences in the
10 deferred tax rates that were used prior to January 1, 2018, creating excess
11 accumulated deferred income taxes. Peoples will continue amortizing the total
12 excess ADIT using the ARAM upon the effective date of new rates. The remaining
13 unamortized excess ADIT balance will continue as a reduction to rate base in all
14 future proceedings until the full amount is returned to ratepayers.
- 15 • The Company's request to recover any amounts refunded to customers that are not
16 realized due to state NOLC limitations is approved. To the extent that the benefit
17 of the Company's state NOLC is affected by: (i) any disallowance due to the 40%
18 taxable income limit and/or the 20 year carryforward limitation; (ii) any subsequent
19 disallowance by a future IRS or Pennsylvania Department of Revenue audit; (iii)
20 any changes in tax rate; or (iv) any change in rules or guidance that require a change
21 to the originating amount of the NOL, the Company will be permitted to defer those
22 impacts for future recovery from customers.

1 Q. **DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

2 A. Yes, it does.

Appendix A

Filing Requirements and Standard Data Requests

Sponsored by Angela Jiang

Filing Requirements		Standard Data Requests			
Exhibit 7, Schedule 1	53.53.II.A.8	Revenue Requirement RR 55			
Exhibit 7, Schedule 2	53.53.II.A.9				
Exhibit 7, Schedule 3	53.53.II.A.26				
Exhibit 7, Schedule 4	53.53.III.A.51				
Exhibit 7, Schedule 5	53.53.III.A.52				
Exhibit 7, Schedule 6	53.53.III.A.53				
Exhibit 7, Schedule 7	53.53.III.A.54				
Exhibit 7, Schedule 8	53.53.III.A.55				
Exhibit 7, Schedule 9	53.53.III.A.56				
Exhibit 7, Schedule 10	53.53.III.A.57				
Exhibit 7, Schedule 11	53.53.III.A.58				
Exhibit 7, Schedule 12	53.53.III.A.59				
Exhibit 7, Schedule 13	53.53.III.A.62				
Exhibit 7, Schedule 14	53.53.III.A.63				
Exhibit 7, Schedule 15	53.53.III.A.64				
Exhibit 7, Schedule 16	53.53.III.A.60				
Exhibit 7, Schedule 17	53.53.III.A.61				
Exhibit 7, Schedule 18	53.53.III.A.65				
Exhibit 7, Schedule 19	53.53.III.A.66				
Exhibit 7, Schedule 20	53.53.III.A.67				
Exhibit 7, Schedule 21	53.53.III.A.68				
Exhibit 7, Schedule 22	53.53.III.A.69				
Exhibit 7, Schedule 23	53.53.III.A.70				
Exhibit 7, Schedule 24	53.53.III.A.71				
Exhibit 7, Schedule 25	53.53.II.A.10				

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY	:	
COMMISSION	:	
	:	
	:	
v.	:	Docket No. R-2026-3060855
	:	
	:	
	:	
PEOPLES NATURAL GAS COMPANY	:	
LLC	:	

**PREPARED DIRECT TESTIMONY OF
LUKE RAVENSTAHL
VICE PRESIDENT OF SALES AND MARKETING
PEOPLES NATURAL GAS COMPANY LLC**

DATE SERVED: March 27, 2026
DATE ADMITTED: _____

Peoples Statement No. 8

**PREPARED DIRECT TESTIMONY OF
LUKE RAVENSTAHL**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Luke Ravenstahl. My business address is 375 North Shore Drive, Pittsburgh,
3 PA 15212.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Peoples Natural Gas Company LLC (“Peoples” or the “Company”) as
7 the Vice President of Sales and Marketing.

8

9 **Q. PLEASE STATE BRIEFLY YOUR EDUCATIONAL BACKGROUND AND**
10 **EMPLOYMENT EXPERIENCE.**

11 A. I graduated from Washington & Jefferson College in 2003 with a Bachelor of Business
12 Administration . I served for 10 years as an elected official in the City of Pittsburgh, serving
13 7 ½ of those years as the City’s mayor. I started with Peoples in a consulting role before
14 becoming a full-time employee in 2015. During that time, I helped launch the Company’s
15 Go With Gas expansion program. In my capacity as Vice President of Sales and Marketing
16 at Peoples, I oversee traditional sales work. For the past few years, I have led our Process
17 Operations group which includes Damage Prevention, Corrosion, Leak Survey, Business
18 Analytics, and our Operations Center.

19

20 **Q. PLEASE LIST THE FILING REQUIREMENTS THAT YOU ARE SPONSORING**
21 **AS A WITNESS.**

22 A. I am sponsoring Exhibit 19, RR13.

23

**PREPARED DIRECT TESTIMONY OF
LUKE RAVENSTAHL**

1 **Q. WHAT ARE YOUR RESPONSIBILITIES FOR PURPOSES OF THIS**
2 **PROCEEDING?**

3 A. The purpose of my testimony is to discuss the following items:

4 1) Competitive customers (including actual contracts and rate discounts)

5 2) Data Center & Power Generation Opportunities

6 3) Expansion and modification of Rate MLS

7 4) Introduction of Natural Gas Hot Water Tank Rebate Pilot

8

9

I. COMPETITIVE CUSTOMERS

10 **Q. WHAT MAKES A CUSTOMER COMPETITIVE?**

11 A. The Company's service territory is an active market for competition both among natural
12 gas distribution companies ("NGDC") and between natural gas and alternate energy
13 sources, including private well gas, landfill gas, interstate pipeline companies, and
14 alternative fuels such as electricity or propane. Some of our commercial customers, and
15 most industrial customers, have more than one energy service option available to them.
16 These competitive customers support the operational needs of the Company's system and
17 also offset the cost of service for other non-competitive customers. For example, they
18 generate additional revenue that offsets the rates of non-competitive customers. In order to
19 ensure we maintain these accounts, it is necessary to flex our maximum delivery rates to
20 remain competitive.

21

22 **Q. DESCRIBE THE COMPANY'S COMPETITIVE ALTERNATIVE ANALYSIS.**

**PREPARED DIRECT TESTIMONY OF
LUKE RAVENSTAHL**

1 A. As contracts are newly negotiated or renewed, the Company performs its normal
2 assessment, which includes verification of the competitive alternative and a fixed cost
3 analysis. Every competitive rate that the Company establishes is directly and exclusively
4 tied to the cost of the customer's alternative service. The Company continually seeks to
5 maximize the revenues it can receive through negotiations with current or potential
6 customers. Doing so is in the non-discounted customers' best interest because it provides
7 additional revenues that would be lost if the discounted customers left the system. It is also
8 in the best interest of the Company to maximize revenues from discounted customers to
9 mitigate potential revenue loss. Peoples must properly balance the competing demands of
10 rate maximization against revenue retention.

11 Moreover, Peoples has a legal duty to its customers to maintain just and reasonable
12 rates. One way of doing so is to maintain a reasonable customer load. If discounted
13 customers were to reduce or eliminate production at facilities on Peoples' system or to
14 switch to alternative sources of fuel, this would have a substantial negative impact on the
15 Company's non-discounted customer rates. This is because the incremental cost to serve
16 these customers is less than the discounted revenue generated as natural gas customers of
17 Peoples. That is, although the discounted customers do not pay full tariffed rates, they still
18 generate significant annual revenue for Peoples and contribute to the Company's fixed
19 costs. However, if those competitive customers leave the Company's system, the
20 Company's non-discounted customer rates could be increased to offset the lost revenue in
21 future base rate cases. Also, customers may look to reduce their other expenses and
22 investments to maintain their current profit levels, such as by laying off existing employees,
23 not hiring prospective employees, or reducing their production and operations. All of these

**PREPARED DIRECT TESTIMONY OF
LUKE RAVENSTAHL**

1 would have negative effects on jobs and the local economy. Furthermore, we strongly
2 believe that public policy should favor the use of flexed rates that encourage increased
3 economic development due to the availability and affordability of shale gas, thus utilizing
4 more of this abundant resource in Pennsylvania to benefit the Commonwealth's economy.

5

6 **Q. WHAT IS THE COMPANY'S PROCESS AND PROCEDURE WITH RESPECT**
7 **TO COMPETITIVE RATE DISCOUNTS?**

8 A. The Company has agreed to and complied with the following with respect to its competitive
9 rate discounts as provided for in the Company's 2019 Base Rate Case Settlement:

10 The log will contain the following information related to negotiated
11 agreements:

12

13 Customer number, effective date of the agreement, the reason(s)
14 for offering a negotiated delivery agreement, supporting work
15 papers relied upon to substantiate the negotiated agreement, and
16 an analysis which evaluates the contribution to overall fixed
17 costs provided by each customer.

18

19 In implementing this provision in circumstances where a bypass
20 of the Company's facilities is the customer's competitive option,
21 the Company will work with the customer in future negotiations
22 to develop an analysis of the likely construction cost of the
23 bypass facilities and apply that estimate in determining, through
24 negotiations, the discounted rate offered to the customer. This
25 information will be included as a part of the confidential
26 materials presented in the Company's initial filing in future base
27 rate proceedings. The Company will also provide a confidential
28 annual report to the Statutory Advocates listing all customers
29 that currently are receiving a discounted rate due to any of the
30 reasons contained herein. The confidential report will provide
31 information regarding whether the customer is being offered the
32 discounted rate due to gas-on-gas competition, potential bypass,
33 economic reasons or alternative fuel reasons. The Company
34 should include in its analysis the annual log information. In
35 future base rate proceedings, the confidential materials presented
36 as part of the Company's filing will include sworn affidavits
37 from all discount customers as to the facts and reasons for the
38 discounts as set forth in the Company supplied materials.

39

**PREPARED DIRECT TESTIMONY OF
LUKE RAVENSTAHL**

1 (2019 Base Rate Case Settlement, Docket No. R-2018-3006818, ¶¶ 72, 73.)

2 Access to the Company's HIGHLY CONFIDENTIAL competitive customer information
3 is included with the initial materials presented for this base rate case filing and will be made
4 available upon execution of a Protective Agreement.

5
6 **Q. PLEASE EXPLAIN THE STATUS OF THE COMPANY'S CURRENTLY**
7 **EFFECTIVE NEGOTIATED CONTRACTS.**

8 A. The Company currently has 11 negotiated contracts in effect. As contracts expire, the
9 Company undertakes a fresh analysis to evaluate whether a discount is still necessary and
10 warranted. Since the 2019 rate case at Docket No. R-2018-3006818, that went into effect
11 in the fourth quarter of 2019, the Company has successfully negotiated 38 customers to
12 tariffed rates, reducing the number of negotiated contracts from 49 to the current total of
13 11. All customers with negotiated rates have met the justification criteria and a cost of
14 service analysis has been conducted. Included in the group now under tariffed rates are two
15 customers that previously had a flex agreement that have since been moved by request to
16 Rate MLS.

17
18 **Q. HAS THE COMPANY "LOST" ANY PROJECTS TO COMPETITORS OR**
19 **COMPETITIVE ALTERNATIVES SINCE ITS LAST BASE RATE CASE?**

20 A. Yes. We are aware of at least two projects. Peoples was actively involved in conversations
21 and negotiations in an effort to secure the customers. In both cases, the customer ultimately
22 agreed to terms with a competitor of Peoples to extend facilities directly to an interstate
23 pipeline.

**PREPARED DIRECT TESTIMONY OF
LUKE RAVENSTAHL**

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Q. HAS THE COMPANY ENTERED INTO ANY NEW FLEX AGREEMENTS SINCE ITS LAST BASE RATE PROCEEDING?

A. No.

II. DATA CENTER & POWER GENERATION OPPORTUNITIES

Q. HAS THE COMPANY ADDED ANY NEW DATA CENTER OR POWER GENERATION PROJECTS SINCE ITS LAST BASE RATE CASE?

A. No.

Q. HAS THE COMPANY RECEIVED AN INCREASE IN THE AMOUNT OF INQUIRIES RELATIVE TO DATA CENTER AND POWER GENERATION PROJECTS?

A. Yes. Over the course of the past 12-18 months, the Company’s new business team has seen significant interest in the exploration of new potential Data Center/Power Generation projects. While no project has reached a formal signed agreement at this point, Peoples is encouraged by the interest. The Company will continue to allocate resources to the pursuit of these projects to add new throughput and load into our system. In addition, Peoples is actively monitoring and participating in the policy and regulatory discussions regarding the growth of this sector. We do not have any specific proposed rate or regulatory changes in this base rate case, but will remain diligent in our focus on this emerging and expanding market.

**PREPARED DIRECT TESTIMONY OF
LUKE RAVENSTAHL**

1 **Q. IS THE COMPANY PROPOSING ANY SPECIAL TREATMENT FOR DATA**
2 **CENTER OR POWER GENERATION LOADS?**

3 A. No. Given the ongoing evolution of our discussions with potential customers, the Company
4 does not have a specific request in this base rate proceeding. The Company does anticipate
5 that once there is greater clarity around the market, with the strongest opportunities gaining
6 priority, Peoples will be able to evaluate better the need for potential special treatment
7 and/or alternative rates. As of the date of this pre-filed testimony, it is the Company's
8 position that it is premature to make any specific requests given the ever-changing feedback
9 we are receiving from potential investors and projects. The Company's goal is to
10 understand the market better in order to develop a thoughtful ask at the appropriate time.

11
12 **Q. IS THE COMPANY'S CURRENT TARIFF SUFFICIENT SUCH THAT IT COULD**
13 **SERVE A DATA CENTER NOW?**

14 A. Yes. The Company's current tariff would allow it to sufficiently assess incoming
15 applications for potential power generation loads. The Company's analysis and acceptance
16 of any new load would seek to balance adding load (and revenue) that would be accretive
17 to its system while at the same time, ensuring safe, reliable and affordable service to its
18 existing customers. Specifically, Section 20, **Service Agreement & Flexible Rates**, would
19 allow the Company to enter into a service agreement for an applicant seeking to bring a
20 large power generation load onto the Peoples system.

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**PREPARED DIRECT TESTIMONY OF
LUKE RAVENSTAHL**

III. RATE MLS ENHANCEMENTS

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Q. PLEASE EXPLAIN THE MODIFICATIONS THE COMPANY IS PROPOSING TO ITS RATE MLS.

A. In this proceeding, the Company is proposing to add language for customers who take service under the Company’s Rate MLS. The additional language works as protection for the Company’s existing customers in that it provides the Company with an opportunity to maintain the existing load and revenues provided by Rate MLS customers. Like many of the Company’s negotiated customers, the incremental cost to serve MLS customers is less than the revenue generated by the MLS customers. The Company’s MLS customers generate significant annual revenue for Peoples and contribute to the Company’s fixed costs. A loss of an MLS customer from the Company’s system could mean that other customers’ rates may be increased to offset the lost revenue in future base rate cases. See **Peoples Natural Gas Exhibit No. KMS-1**, page 66 for the proposed language.

IV. NATURAL GAS HOT WATER TANK REBATE PILOT

Q. PLEASE EXPLAIN THE COMPANY’S REQUEST TO ADD A NATURAL GAS HOT WATER TANK REBATE PILOT PROGRAM.

A. Peoples proposes to implement a rebate program pilot over a three-year period for interested customers to convert to natural gas hot water tanks beginning in January 2027. The pilot is designed to provide rebate incentives for residential customers to encourage installation of high-efficiency natural gas hot water tank appliances.

**PREPARED DIRECT TESTIMONY OF
LUKE RAVENSTAHL**

1 **Q. PLEASE DESCRIBE THE PROPOSED PILOT’S REBATES FOR ELIGIBLE**
2 **RESIDENTIAL CUSTOMERS.**

3 A. The program would be a voluntary pilot which will provide eligible residential customers
4 with a \$1,000.00 rebate to offset the costs of conversion to a natural gas hot water tank.
5

6 **Q. WHAT ARE THE EXPECTED COSTS FOR THE REBATE PILOT PROGRAM?**

7 A. See Table 1 below.

8 **Table 1 – Three-Year Natural Gas Hot Water Tank Rebate Pilot Program Budget**

Three-Year Pilot Budget			
Budget Item	FY27	FY28	FY29
Rebates	\$ 365,000	\$ 389,000	\$ 402,000
Administration	\$ 21,000	\$ 17,000	\$ 18,000
Outreach/Marketing	\$ 114,000	\$ 94,000	\$ 80,000
Total	\$500,000	\$500,000	\$500,000

9

10

11 **Q. HOW DOES PEOPLES PROPOSE TO RECOVER THE COSTS ASSOCIATED**
12 **WITH THE REBATE PILOT PROGRAM?**

13 A. Peoples has included \$500,000 of expense annually in the cost of service for this case. If
14 the Company does not use all of the expected dollars in one calendar year, those dollars
15 would carry-over into the next program pilot year. Once the Company has used its budgeted
16 dollars for the pilot program year; the pilot will close for the remainder of the program year
17 and re-open the following year.

18

19 **Q. WHO IS ELIGIBLE FOR THE REBATE PILOT PROGRAM?**

**PREPARED DIRECT TESTIMONY OF
LUKE RAVENSTAHL**

1 A. All current residential customers would be eligible for the Company’s pilot. However, the
2 accessibility of this rebate pilot program will not replace services that may be available to
3 income qualified households under its Emergency Furnace and Service Line Repair
4 (“EFSLR”) Program or Low Income Usage Repair Program (“LIURP”). If a customer’s
5 water heater is replaced through either EFSLR or LIURP, there is no cost to the household
6 for the natural gas water heater, therefore the rebate pilot program would not apply.
7

8 **Q. WHAT ARE THE EXPECTED PARTICIPATION LEVELS FOR THIS PILOT?**

9 A. Peoples will target a participation level of approximately 1,100 customers over the three
10 year period. Once the program matures and awareness grows among customers and
11 contractors, participation may increase.
12

13 **Q. WHAT ARE THE EXPECTED COST SAVINGS FOR CUSTOMERS?**

14 A. Using the example of a 40-gallon gravity vent water heater, the \$1,000 rebate will defray
15 the cost of the conversion from electric to natural gas and the customer will recognize
16 savings of approximately \$195 - \$376 per year based on current electric and natural gas
17 rates. See Table 2 below for two different scenarios, including cost to operate and the
18 estimated cost savings:
19
20
21
22
23

**PREPARED DIRECT TESTIMONY OF
LUKE RAVENSTAHL**

1 **Table 2 – Expected Cost Savings Scenarios for the Hot Water Tank Rebate Pilot Program**

Peoples Affordable Fuel Switching Hot Water Tank Rebate Program				
	Natural Gas 40 Gallon Gravity Vent Water Heater	Electric 40 Gallon Water Heater		
Tank* and Installation	\$2,600	\$1,710		
Less Rebate	(\$1,000)	\$0		
Net Customer Cost	\$1,600	\$1,710		
	PNG	Electric Utility A	Electric Utility B	Electric Utility C
Annual Cost to Operate	\$436	\$877	\$750	\$699
Annual Operating Cost Savings		\$441	\$314	\$263
<small>*high performing tank</small>				
	Natural Gas 40 Gallon Power Vent Water Heater	Electric 40 Gallon Water Heater		
Tank* and Installation**	\$3,800	\$1,710		
Less Rebate	(\$1,000)	\$0		
Net Customer Cost	\$2,800	\$1,710		
	PNG	Electric Utility A	Electric Utility B	Electric Utility C
Annual Cost to Operate	\$423	\$877	\$750	\$699
Annual Operating Cost Savings		\$454	\$327	\$276
Payback - Number of Years		2.4	3.3	3.9
<small>*high performing tank</small>				
<small>**does not include electrical outlet installation</small>				

2

3

4 **Q. HOW WILL THE COMPANY EVALUATE THE EFFECTIVENESS OF THE**
5 **PROGRAM?**

6 A. The Company will track program participation, and it will also survey its customers that
7 convert to a natural gas water heater.

8

9 **Q. HOW WILL PEOPLES PROMOTE THIS PROGRAM?**

10 A. Peoples has budgeted \$288,000.00 to be spread out over three years for marketing and
11 outreach for this rebate program. The Company plans to use direct mail, bill inserts, our

**PREPARED DIRECT TESTIMONY OF
LUKE RAVENSTAHL**

1 website and social media to market this pilot program. Peoples will strive to ensure broad
2 awareness, equitable access and strong participation in the program across its residential
3 customer base.

4

5 **Q. OVERALL, WHY IS PEOPLES PROPOSING THIS REBATE PILOT**
6 **PROGRAM?**

7 A. Affordability is on our minds and on our customers' minds. Using a natural gas tank to
8 heat water in residences will result in cost savings to our customers. We want to help our
9 customers afford their energy bills and this is one way we can help.

10 Moreover, if our customers choose to convert to a natural gas hot water tank they
11 will find that natural gas can heat water more quickly and help to reduce their overall
12 electric load. A reduction in overall electric load would free up electrical capacity and
13 reduce the customer's overall electric demand.

14

15 **Q. DOES THIS COMPLETE YOUR PREPARED DIRECT TESTIMONY?**

16 A. Yes, it does. I reserve the right to supplement my testimony as other issues arise during
17 this proceeding.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PEOPLES NATURAL GAS COMPANY
LLC

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Docket No. R-2026-3060855

**PREPARED DIRECT TESTIMONY OF
JOYCE MITOLE
CONTROLLER
PEOPLES NATURAL GAS COMPANY LLC**

DATE SERVED: March 27, 2026
DATE ADMITTED: _____

Peoples Statement No. 9

**PREPARED DIRECT TESTIMONY OF
JOYCE MITOLE**

1 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

2 A. My name is Joyce Mitole. My business address is 375 North Shore Drive, Suite 400,
3 Pittsburgh, PA 15212.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by PNG Companies LLC (PNG Companies) as Controller. PNG Companies
7 provides various administrative functions for Peoples Natural Gas Company LLC
8 (“Peoples” or the “Company”) including Accounting.

9

10 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
11 **EMPLOYMENT EXPERIENCE.**

12 A. I received a Bachelor of Science Degree in Accounting from University of Malawi in 1993
13 and a Master of Business Administration from Carnegie Mellon University in 1997. I am
14 a Certified Public Accountant in the State of Pennsylvania.

15 From 1997 to 2020, I worked in different accounting roles at Alcoa and its
16 successor companies after two consecutive company splits (Arconic and Howmet
17 Aerospace). In 2021, I joined Peoples Natural Gas as the Controller where my
18 responsibilities include accounting and financial reporting for Peoples in addition to Fixed
19 Asset accounting.

20

21 **Q. WHAT ARE YOUR RESPONSIBILITIES AS CONTROLLER OF PEOPLES?**

1 A. I am responsible for the overall development and execution of the Company’s policies,
2 strategies, and practices in the areas of General and Fixed Asset Accounting.

3

4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

5 A. I will identify the filing requirements that I am sponsoring. Also, I will discuss how the
6 accounting records of Peoples are maintained and what industry standards are followed.

7

8 **Q. WHAT FILING REQUIREMENTS ARE YOU SPONSORING?**

9 A. A list of the filing requirements that I am sponsoring is attached to my testimony as
10 Appendix A.

11

12 **Q. PLEASE DISCUSS HOW PEOPLES MAINTAINS ITS ACCOUNTING RECORDS
13 AND WHAT INDUSTRY STANDARDS IT FOLLOWS IN DOING SO.**

14 A. Peoples’ accounting records are maintained using both a “Natural” chart of accounts and a
15 “FERC” chart of accounts. Transactional data is recorded, maintained and reported in
16 accordance with Generally Accepted Accounting Principles (“GAAP”). Several
17 authoritative sources are utilized including standards and interpretations issued by the
18 Financial Accounting Standards Board (“FASB”) and FASB’s Accounting Standards
19 Codification (“ASC”), and the Code of Federal Regulations (“CFR”). Additionally,
20 Pennsylvania Public Utility Commission (“Commission”) and Federal Energy Regulatory
21 Commission (“FERC”) directives and standards are reviewed to assure compliance with
22 applicable reporting requirements.

1 Further, Peoples' financial statements are subject to audit for inclusion in the annual
2 audit of its parent company PNG Companies LLC and these financial statements are replete
3 with our independent auditors' report. The report is based on audits conducted in
4 accordance with auditing standards generally accepted in the United States of America.
5

6 **Q. HOW IS THE ACCOUNTING INFORMATION PRESENTED IN THIS CASE?**

7 A. In the filing requirements, Peoples has provided separate information by division where
8 applicable.
9

10 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

11 A. Yes. I reserve the right to supplement my testimony as additional issues arise during the
12 course of this proceeding.

Appendix A

Filing Requirements Sponsored by Joyce Mitole

<u>Exhibit/SDR</u>	<u>Filing Requirement</u>
Ex. 1, Sch. 1	53.52(c)(2)
Ex. 1, Sch. 2	53.53.III.A.1
Ex. 1, Sch. 3	53.52(c)(6)
Ex. 1, Sch. 5	53.53.II.A.23
Ex. 1, Sch. 7	53.53.III.A.2
Ex. 1, Sch. 8	53.53.III.A.3
Ex. 1, Sch. 9	53.53.III.A.4
Ex. 1, Sch. 10	53.53.III.A.5
Ex. 1, Sch. 11	53.53.III.A.6
Ex. 1, Sch. 12	53.53.III.A.7
Ex. 1, Sch. 13	53.53.III.A.8
Ex. 1, Sch. 14	53.53.III.A.9
Ex. 1, Sch. 15	53.53.III.A.10
Ex. 1, Sch. 16	53.53.III.A.11
Ex. 1, Sch. 17	53.53.III.A.12
Ex. 1, Sch. 19	53.53.III.E.1
Ex. 1, Sch. 20	53.53.III.E.2
Ex. 1, Sch. 21	53.53.III.E.32
Ex. 1, Sch. 23	53.53.II.A.20
Ex. 2, Sch. 1	53.52(b)(2)
Ex. 2, Sch. 2	53.52(c)(5)
Ex. 2, Sch. 5	53.53.III.A.18
Ex. 2, Sch. 6	53.53.III.A.42
Ex. 2, Sch. 7	53.53.III.A.43
Ex. 2, Sch. 8	53.53.III.E.16
Ex. 4, Sch. 19	53.53.III.A.38
Ex. 16, Sch. 8	53.53.II.A.11
Ex. 17, COS 3	VI.III.COS.3
Ex. 17, COS 4	VI.III.COS.4
Ex. 17, COS 5	VI.III.COS.5
Ex. 17, COS 6	VI.III.COS.6
Ex. 17, COS 7	VI.III.COS.7
Ex. 18, ROR 1	VI.IV.ROR.1
Ex. 18, ROR 2	VI.IV.ROR.2
Ex. 18, ROR 5	VI.IV.ROR.5
Ex. 19, RR 1	VI.I.RR.1
Ex. 19, RR 22	VI.I.RR.22
Ex. 19, RR 23	VI.I.RR.23
Ex. 19, RR 24	VI.II.RR.24
Ex. 19, RR 25	VI.II.RR.25
Ex. 19, RR 38	VI.II.RR.38
Ex. 19, RR 39	VI.II.RR.39
Ex. 19, RR 41	VI.II.RR.41
Ex. 19, RR 42	VI.II.RR.42
Ex. 19, RR 44	VI.II.RR.44

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY	:	
COMMISSION	:	
	:	
v.	:	Docket No. R-2026-3060855
	:	
	:	
PEOPLES NATURAL GAS COMPANY	:	
LLC	:	

**PREPARED DIRECT TESTIMONY OF
RITA F. BLACK
DIRECTOR, COMMUNITY ASSISTANCE PROGRAMS
ESSENTIAL UTILITIES**

DATE SERVED: March 27, 2026
DATE ADMITTED: _____

Peoples Statement No. 10

**PREPARED DIRECT TESTIMONY
OF RITA F. BLACK**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Rita F. Black and my business address is located at 375 North Shore Drive,
3 Pittsburgh, Pennsylvania 15212.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Essential Utilities, Inc. as the Director of Community Assistance
7 Programs. In this role, I lead assistance programs for Peoples Natural Gas Company LLC
8 (“Peoples” or the “Company”), Aqua Pennsylvania Inc. and Aqua Pennsylvania
9 Wastewater, Inc. (collectively “Aqua PA”), as well as these companies’ affiliated
10 regulated utilities operating in other states.

11

12 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
13 **BACKGROUND.**

14 A. Following receipt of a Bachelor of Science Degree in Accounting from Robert Morris
15 University, I joined Peoples Natural Gas Company LLC and began a career spanning
16 more than 30 years across the areas of customer service, rates and regulatory affairs, and
17 low-income programming. From 2001 through 2014, I worked in the Rates and
18 Regulatory Affairs department of Peoples as an analyst. My responsibilities as an analyst
19 in the Rates and Regulatory Affairs department included the development and
20 administration of the Universal Service Rider and preparation of the Universal Service
21 Energy and Conservation Plan (“USECP”), as well as tariff filings, testimony preparation

1 and other analytical projects. In 2014, I was promoted to Manager, Customer Relations
2 for Peoples Natural Gas and was responsible for oversight of all low-income
3 programming, including its Customer Assistance Program (“CAP”), Low Income Usage
4 Reduction Program (“LIURP”), Emergency Furnace and Houseline Repair Program
5 (“EFHRP”), Hardship Fund, and Customer Assistance, Referral and Evaluation Services
6 (“CARES”). In addition to oversight of low-income programming, I was also responsible
7 for compliance on customer-related issues for Pennsylvania, West Virginia and
8 Kentucky. I was promoted to Director, Customer Relations in 2016 and was subsequently
9 promoted to Director, Community Assistance Programs in April of 2021 with
10 responsibility for all regulated states under the Essential Utilities footprint, including
11 Peoples. In this role, my oversight of low-income programming has expanded to include
12 our water and wastewater entities. I retain responsibility for natural gas low-income
13 programming and compliance across our natural gas footprint.

14
15 **Q. HAVE YOU TESTIFIED PREVIOUSLY IN ANY REGULATORY**
16 **PROCEEDING?**

17 A. Yes. I have testified in hearings conducted by the Pennsylvania Public Utility
18 Commission (“PUC” or the “Commission”) on formal complaints. I have also submitted
19 direct and rebuttal testimony in base rate proceedings for Peoples Natural Gas¹ and Aqua
20 PA². I submitted written testimony in Aqua PA acquisition proceedings as well³.

21
22 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS CASE?**

¹ See Docket Nos. R-2010-2201702; R-2012-2285985; R-2023-3044549.

² See Docket Nos. R-2021-3027385, R-2021-3027386; R-2024-3047822; R-2024-3047824

³ See Docket Nos. A-2022-3033138; A-2024-3049015.

1 A. In my current role, I provide leadership and guidance on low-income issues, including
2 development, design and implementation of low-income programming for Peoples. I also
3 lead our Universal Service Advisory Group (“USAG”), whose members include
4 representatives from the PA PUC Bureau of Consumer Services (“BCS”), PA PUC
5 Office of Communications, Office of Consumer Advocate (“OCA”), Pennsylvania Utility
6 Law Project (“PULP”), and other stakeholders. My Direct Testimony will provide an
7 overview of our low-income programs, including a description of current open Petitions
8 pertaining to these programs. I will describe proposed tariff language changes to Rate
9 CAP and Rider Universal Service (“Rider US” or “Rider”). I will also describe the
10 Company’s Consumer Education and Outreach Plan and its collaboration with members
11 of the USAG to continuously improve awareness of and access to, Peoples universal
12 service programs. Finally, I will discuss the benefit of the proposal to reduce charges
13 under Rider US by crediting various tax refunds, as described in **Peoples Statement No.**
14 **3 - the Direct Testimony of Carol Scanlon.**

15
16 **Q. PLEASE LIST THE EXHIBITS AND FILING REQUIREMENTS THAT YOU**
17 **ARE SPONSORING AS A WITNESS.**

18 A. **Peoples Natural Gas Exhibit Nos. RFB-1 and RFB-2** are attached to my Direct
19 Testimony.

20
21 **Q. LET’S BEGIN WITH AN OVERVIEW OF THE PROGRAMS AVAILABLE TO**
22 **LOW-INCOME CONSUMERS THAT ARE OFFERED BY PEOPLES.**

1 A. Similar to other energy utilities in the Commonwealth, Peoples provides a suite of
2 programs to support customers with limited incomes. Our approved programs are detailed
3 in our current USECP which is provided in **Peoples Natural Gas Exhibit No. RFB-1**.
4 The flagship program to support affordability is CAP. As a percentage-of-income (“PIP”)
5 CAP, payments for participants are based on monthly income as shown in the box below.
6 In all cases, participating customers will pay the lower of their calculated PIP or the
7 average bill amount for the service address.

Household Income by Federal Poverty Limit	PIP Amount
0 to 50% FPL	4%
51 to 100% FPL	5%
101 to 150% FPL	6%
151 to 200%FPL	11%

8
9 While most energy utility CAPs limit participation at 150% of the Federal Poverty Limit
10 (“FPL”), Peoples expanded its participation to customers with incomes from 151 to 200%
11 FPL through a Pilot CAP Expansion in 2016. This Pilot Expansion was designed to
12 provide an opportunity for customers who do not qualify for LIHEAP to receive
13 arrearage forgiveness benefits to eliminate arrears through participation in CAP. Late
14 payment charges are waived for all CAP participants. CAP customers receive a
15 simplified bill that highlights the benefits of CAP participation, including the amount of
16 CAP credits provided and arrearage forgiveness benefits applied. CAP credit is the
17 difference between the customer’s calculated usage bill and the CAP amount.

18 In addition to CAP, Peoples supports its vulnerable customers through its
19 hardship fund and CARES. The hardship fund, administered by Dollar Energy Fund,
20 serves customers with incomes up to 200% FPL, providing a grant of up to \$500. Those
21 with incomes between 151 and 200% FPL are required to apply for the Hardship Fund to

1 reduce their balance, if the program is open⁴, before enrolling their balance into CAP. We
2 also support our customers through CARES. CARES is a safety net. It uses a holistic
3 approach, acting as a wrap-around service, to help customers access Peoples’ programs,
4 as well as external programs such as LIHEAP, and provide connections and referrals to
5 other basic needs programming and services. Outreach is an important component of the
6 CARES program.

7 Low-income customers with high usage may be served by Peoples’ LIURP.
8 LIURP provides a heating system clean and tune service along with a full energy audit to
9 determine measures that can be implemented to reduce energy usage. Such measures can
10 include air sealing and insulation. Customers with incomes up to 150% FPL and usage
11 that meets or exceeds the program guideline of 120 MCF annually are eligible for
12 services. Special needs customers with incomes between 151 and 200% FPL may also be
13 served through the program.

14 Peoples also offers the Emergency Furnace/Service Line Repair Assistance
15 Program (“EFSLR”) which serves households with incomes up to 200% FPL that are
16 facing a heating system or gas line emergency. While this program primarily supports
17 homeowners, up to 25% of the annual budget can be used for renters with landlord
18 permission.

19
20 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE CURRENT STATUS OF**
21 **THESE PROGRAMS.**

⁴ Dollar Energy Fund opens October 1st each year and remains open through September 30th or until funds are exhausted. Eligibility varies throughout the program year based on account status (i.e. service on/off; termination, etc.). The specific eligibility is described in the Company’s USECP.

1 A. All approved budgets are described in the USECP. The CAP budget varies according to
2 participation levels, weather and rates, as CAP credits are tied to actual usage bills for
3 participant households. In 2025, through focused efforts to increase enrollment, Peoples
4 has increased its CAP participation by roughly 18%, reaching enrollment of 38,462 as of
5 February 28, 2026. To further support enrollment of customers who have arrears
6 following receipt of LIHEAP, Peoples has filed a Petition for auto-enrollment and
7 recertification.⁵

8 Peoples LIURP moved to a new administrator in 2025. The new program
9 administrator is Peak Home IQ. This is a local weatherization business that has served
10 customers in the western Pennsylvania area for decades. They have a strong history of
11 participating in other utility programs and have shown significant savings for those
12 utility’s customers. Upon moving to the new administrator, Peoples immediately saw an
13 improvement in the choices of measures, including a focus on side-wall insulation in
14 addition to attic insulation which we believe will yield strong results. Due to the
15 transition, and carryover from 2024 under the prior administrator, Peak Home IQ was
16 unable to spend the entire 2025 budget in the current year.

17 Peoples’ EFSLR has been an important safety net for households in 2025. In early
18 2025, as Peoples closely monitored its annual budget of \$1 million, as well as funding
19 challenges to LIHEAP’s repair program, it became apparent that the current budget
20 would not be sufficient. On February 27, 2025, the Company filed a Petition to increase
21 its annual EFSLR budget to \$1.5 million.⁶ This Petition was approved and secured
22 funding through the end of the rider budget year, September 30, 2025, as well as future

⁵ See Dockets P-2024-3052324; M-2018-3003177; M-2020-3021343.

⁶ See Dockets P-2025-3053645; M-2018-3003177; M-2020-3021343

1 budget years. In the fall of 2025, due to funding challenges at the federal level, LIHEAP
2 was delayed in opening until December 10, 2025. As a result, Peoples experienced a very
3 high level of heating system replacements that would normally be handled by the
4 LIHEAP Emergency Services program. Peoples spent \$590,108 of its budget for
5 households that would have been served through LIHEAP if that program had opened at
6 beginning of November as is typical. By the time of the January USAG meeting, Peoples’
7 remaining budget was only \$348,200 with more than 8 months remaining in the budget
8 year. The Company sought advice from the USAG regarding filing a Petition to stabilize
9 funding of EFSLR on January 28, 2026. On March 3, 2026, Peoples filed a Petition⁷,
10 reflecting input gathered from USAG, to request permission to move \$500,000 of its
11 2025 LIURP carryover budget to EFSLR to ensure funding through the end of the current
12 program year. The Petition further requested approval to increase the annual budget to \$2
13 million in future years to ensure stable funding. It also included a language change to
14 allow for any unspent funds to be carried over to the following program year, similar to
15 the current process for LIURP.

16 The CARES program continues to provide both case management support to
17 vulnerable customers as well as lead the Company’s outreach efforts described in its
18 Consumer Education and Outreach Plan (“CEOP”), filed on March 3, 2026 and provided
19 as Peoples Exhibit RFB-2. In addition to hands-on participation at local events, Peoples
20 also provides outreach and promotion of its programs through digital, social and
21 traditional media.

22 The hardship fund was an important support to customers in the fall of 2025 when
23 LIHEAP was delayed. It functioned as intended, as a fund of last resort, to help those

⁷ See Docket P-2026-3060819

1 with termination notices and those who needed assistance with restoration. Funds remain
2 available to customers in need according to the eligibility guidelines described in the
3 USECP.

4
5 **Q. PLEASE DESCRIBE THE TARIFF CHANGES YOU ARE PROPOSING.**

6 A. I am proposing tariff changes to two areas of the tariff: Rate CAP and Rider Universal
7 Service.

8 Rate CAP

- 9
- 10 • Add provision #9 to Rate CAP which states: Use of natural gas, while on CAP,
11 for recreational purposes such as, but not limited to, interior or exterior pool
12 heaters and/or hot tubs, recreational appliances, outdoor appliances, such as gas
13 grills, firepits/rings, fireplaces, gas lamps, heaters and other cooking appliances,
14 and heated outdoor buildings, such as a shed, shop, or garage, is prohibited.
15 Customers using gas for recreational purposes will be removed and can be re-
16 enrolled upon verification that the natural gas connection to the recreational
17 appliance(s) has been removed. Unjustified usage as a result of recreational gas
18 use will be billed to the customer.
 - 19 • Add provision #10 to Rate CAP which states: If the Company determines a CAP
20 participant obtained benefits through fraudulent means, such as failing to report
21 all household income, benefits previously provided may be reversed and the
22 customer will be responsible to pay back the benefits incorrectly received.

Rider Universal Service

- 1 • Remove reference to the ‘Community Partnership for Weatherization’, a program
2 that was discontinued several years ago.
- 3 • Update the name of the Emergency Furnace Service Line Repair program to be
4 consistent with the USECP.
- 5 • Include outreach costs related to CARES.
- 6 • Include third party costs associated with the Independent Evaluation of universal
7 service programs, as required to comply with the BCS requirement to submit such
8 evaluation on a recurrent basis.

9
10 **Q. IN ADDITION TO THOSE CHANGES, ARE YOU PROPOSING ANY CHANGES**
11 **TO RECOVERABLE COSTS THAT ARE NOT EXPLICITLY DESCRIBED IN**
12 **RIDER US?**

13 A. Yes. I am proposing that a new internal role, LIURP Compliance
14 Specialist, be included in the recoverable LIURP budget. This role will provide dedicated
15 oversight and support to LIURP, including to ensure proper implementation and
16 adherence to changes pertaining to the recent LIURP rulemaking⁸. Please refer to
17 **Peoples Statement No. 2 – the Direct Testimony of Andrew P. Wachter** for further
18 discussion on how this cost is reflected in this case.

19
20 **Q. PLEASE DESCRIBE THE LANGUAGE CHANGES YOU ARE PROPOSING TO**
21 **RATE CAP, BEGINNING WITH PROVISION NUMBER 9.**

⁸ See Docket L-2016-2557886 FINAL-FORM RULEMAKING ORDER re: Initiative to Review and Revise the Existing Low-Income Usage Reduction (LIURP) Regulations at 52 Pa. Code §§ 58.1-58.18.

1 A. The USECP already contains language prohibiting recreational gas use. This tariff
2 provision provides further clarification by listing common recreational appliances as
3 examples. It also states clearly that if unjustified use is identified, it will be billed back to
4 the customer rather than being recovered from other ratepayers. As monthly CAP
5 payments are based on income, rather than usage, any charges above the CAP payment
6 are borne by other ratepayers. The subsidy is intended to ensure that CAP customers have
7 the benefit of heating, water heating and other common household needs for natural gas
8 while paying a monthly amount that is more affordable to their limited income level. It is
9 not intended to fund recreational use of natural gas.

10

11 **Q. PLEASE DESCRIBE THE LANGUAGE CHANGES YOU ARE PROPOSING TO**
12 **PROVISION NUMBER 10.**

13 A. Peoples is proposing this provision in order to allow the Company to hold responsible
14 those households who fraudulently obtain CAP benefits for the cost of those benefits. For
15 example, if a customer with income applies for CAP under the guise of having zero
16 income, they will be enrolled with a minimum CAP payment of \$25. During their time in
17 CAP, their usage bills are likely significantly higher than the \$25 CAP payment that is
18 applied to their account. And, if they enrolled in CAP with a balance, they are also
19 benefiting from arrearage forgiveness credits as they make CAP payments monthly. If
20 Peoples learns that the customer did indeed have income they did not report, it is
21 reasonable to reverse the CAP credit and arrearage forgiveness benefits they obtained.
22 Both this provision and number 9 described above are intended to control costs of CAP

1 for non-CAP ratepayers by ensuring only those eligible for benefits receive them and
2 natural gas is used appropriately by participants.

3
4 **Q. TURNING TO THE CHANGES YOU ARE PROPOSING TO THE UNIVERSAL**
5 **SERVICE RIDER, CAN YOU PLEASE DESCRIBE THE TWO MINOR**
6 **LANGUAGE CHANGES, IN PARTICULAR, THE REMOVAL OF REFERENCE**
7 **TO THE ‘COMMUNITY PARTNERSHIP FOR WEATHERIZATION’ AND THE**
8 **RENAMING OF EFSLR?**

9 A. The Community Partnership for Weatherization was a LIURP Pilot launched in 2011
10 with the intention of providing financial support to local organizations that offered energy
11 conservation events and/or programs in the Peoples service territory. The annual budget
12 was \$50,000. Over the years, few, if any partnership opportunities were available to
13 utilize the budget. Therefore, in 2018, the program was eliminated and the \$50,000
14 budget was moved to LIURP. This tariff change is simply a clean-up item to remove
15 reference to the retired program.

16 The rider currently uses the term ‘Emergency Furnace and Houseline Repair’
17 program to refer to EFSLR. In order to synchronize the tariff with the program name used
18 in the USECP, I am proposing to update the tariff language accordingly.

19
20 **Q. MOVING ON TO THE OTHER CHANGES YOU ARE PROPOSING TO THE**
21 **RIDER, CAN YOU PLEASE DESCRIBE WHY YOU ARE PROPOSING TO**
22 **INCLUDE COSTS PERTAINING TO CARES FOR RECOVERY THROUGH**
23 **THE RIDER?**

1 A. The USECP includes a description, eligibility guidelines and budgets for the four
2 universal service programs required for natural gas distribution companies such as
3 Peoples. These programs, as I described earlier in my Direct Testimony, include: CAP,
4 LIURP, CARES, and the hardship fund. The hardship fund receives its funding through
5 donations from the Company’s shareholders, customers and fund-raising efforts of its
6 administrator, Dollar Energy Fund. No ratepayer dollars are used to support the hardship
7 fund.

8 In the current rider, costs for CAP, LIURP, and the LIURP Pilot EFSLR are
9 recovered. However, it does not currently contain reference to costs pertaining to
10 CARES. CARES includes direct support of vulnerable customers, as well as outreach and
11 education to broaden the awareness of and increase access to utility and other assistance
12 programs. It is a core program within the USECP.

13
14 **Q. ARE YOU PROPOSING COSTS OF INTERNAL LABOR OR EMPLOYEE**
15 **EXPENSES RELATED TO OUTREACH EVENTS OR CARES SUPPORT OF**
16 **VULNERABLE CUSTOMERS?**

17 A. No. Those costs will continue to be recovered through base rates.

18
19 **Q. PLEASE DESCRIBE THE CARES COSTS THAT YOU PROPOSE SHOULD BE**
20 **INCLUDED AS RECOVERABLE UNDER RIDER US.**

21 A. I am recommending recovery of the dedicated costs of outreach and customer education
22 discussed in our CEOP. Specifically, I am proposing the costs of the Peoples Energy

1 Analytics⁹ (“PEA”) partnership to conduct studies of Peoples’ service territory to identify
2 target zones of vulnerability, as well as communication costs for digital, social and
3 traditional advertising be included in the Rider. These costs are limited to promotions of
4 LIHEAP and universal service programs only and do not include any other promotions to
5 Peoples’ customers. I am also proposing that as the Company investigates opportunities
6 to expand its outreach to non-English speaking customers, costs related to translation
7 services and materials should also be appropriate to be included as recoverable CARES
8 costs through the Rider. The specific level of costs proposed for inclusion at this time are
9 noted in **Peoples Statement No. 2 - the Direct Testimony of Andrew P. Wachter.**

10
11 **Q. PLEASE DISCUSS THE PEA PARTNERSHIP AND ITS BENEFITS TO**
12 **PEOPLES AND ITS CUSTOMERS.**

13 A. Peoples began work with PEA in 2024 in a joint initiative to increase participation in
14 CAP. PEA has developed a unique proprietary algorithm to identify households and areas
15 of its service territory which would benefit from participation in the Company’s CAP and
16 other assistance programs. The data developed through this partnership is used by
17 Peoples to identify placement of out-of-home advertising of programs, such as static and
18 electronic billboards, as well as transit advertisements. The heat maps created by this
19 work also identify particular areas that are good targets for the Company’s participation
20 in community resource events. The data also identifies specific households that could be
21 eligible for programs and should receive direct outreach.

22 This work benefits Peoples by guiding our outreach planning to place the
23 resources in the areas in which they most needed. This work also benefits our customers

⁹ No affiliation with Peoples Natural Gas.

1 because it assists us in finding and enrolling eligible households and generally growing
2 the awareness of Peoples’ programs to the larger community. By being visible in these
3 target areas, we are reaching community members who may need help themselves or may
4 know others who do.

5
6 **Q. PLEASE DESCRIBE THE OTHER CARES RELATED COSTS YOU ARE**
7 **PROPOSING FOR RECOVERY IN THE RIDER.**

8 A. Our communications team reviewed promotional spending pertaining to universal service
9 programs for the past three years. The Company uses a multi-pronged approach to
10 customer outreach and promotion of universal service programs, including the promotion
11 of LIHEAP. The Company publicizes these programs through digital advertising on
12 platforms such as Meta, Google, and NextDoor using geo-targeting to attract the interest
13 of eligible populations. We also utilize ‘out of home’ advertising to share information on
14 bus shelters and billboards. These outreach costs are appropriate for coverage under
15 CARES within the Rider as these efforts increase awareness of the availability of
16 assistance through Peoples’ universal service programs and LIHEAP among our
17 vulnerable customers. For some customers, seeing a promotion with an easy click
18 through link or QR code can be the doorway through which they seek support for their
19 utility bill in the privacy and anonymity of their home or cell phone.

20
21 **Q. EARLIER IN YOUR TESTIMONY, YOU MENTIONED PEOPLES’ CEOP**
22 **WHICH IS PROVIDED AS PEOPLES NATURAL GAS EXHIBIT NO. RFB-2.**

1 **CAN YOU PLEASE TALK ABOUT THE DEVELOPMENT AND**
2 **IMPLEMENTATION OF THIS PLAN?**

3 A. Yes. Peoples submits a CEOP on an annual basis to the Bureau of Consumer Services. As
4 we think about the CEOP each year, we consider the prior year’s outreach efforts and
5 evaluate which of those were beneficial and which were not in order to make informed
6 decisions about how best to allocate resources in the next year. Over the years, the
7 Company has engaged with other utilities to learn about their outreach practices and has
8 also sought input and advice from its USAG. What works well for one utility and its
9 customer base may not work well for another. It is important for each utility to
10 thoughtfully create an education and outreach plan that considers all aspects of its service
11 territory, from geographical location to economic wellbeing, and similarly, to consider
12 comprehension barriers and social challenges. The CEOP should be, in my opinion, a
13 living document that evolves over time, incorporating lessons learned and input from
14 community stakeholders.

15 Peoples’ CEOP is supported by the work of PEA to identify areas of eligible
16 populations for outreach efforts. And, the promotional efforts I described earlier, such as
17 transit advertising and digital ads, are key components of a well-rounded CEOP.

18
19 **Q. PLEASE DESCRIBE THE INDEPENDENT EVALUATION THAT PEOPLES IS**
20 **CURRENTLY PARTICIPATING IN.**

21 A. Peoples is required to participate in an independent evaluation of its USECP which will
22 culminate in a report to be submitted to the Bureau of Consumer Services no later than

1 April 1, 2027¹⁰. To identify an appropriate evaluator, Peoples sought suggestions from
2 members of its USAG and other utilities. It identified six potential organizations and
3 shared its Request for Proposal (“RFP”) with these entities. Four of the six declined to
4 bid on the project. The two that submitted proposals for the evaluation provided detailed
5 scope documents and cost estimates and participated in presentations with our staff. The
6 Company chose Three3 (pronounced Three Cubed), a 501(c)3 research nonprofit, to
7 conduct the independent evaluation. Three3 was chosen because of their extensive
8 experience working with social service and governmental agencies engaged in providing
9 critical services to vulnerable communities. We believe the sensitive and thoughtful
10 approach of Three3 will be beneficial, not only to the evaluation of program
11 effectiveness, but importantly in the customer engagement component of the evaluation.

12 Prior to issuing the RFP, Peoples sought input from its USAG on the scope of the
13 evaluation. It is our desire to not only identify potential improvements to the universal
14 service programs, but to gain a better understanding of our customers’ experience with
15 these programs in order to identify potential barriers. We also desire to find new and
16 creative approaches to outreach and engagement that can support the development of the
17 next USECP which will be filed no later than April 1, 2028 and the annual CEOP. The
18 work of Three3 will continue throughout 2026.

19
20 **Q. IN YOUR OPENING REMARKS REGARDING THE TARIFF CHANGES YOU**
21 **ARE PROPOSING, YOU MENTIONED THE INCLUSION OF THE COSTS OF**

¹⁰ See Order of May 12, 2022 at Dockets M-2018-3003177; M-2020-3021343; P-2020-3017641 and M-2014-2432515

1 **THE INDEPENDENT EVALUATION AS A RECOVERABLE CATEGORY IN**
2 **THE RIDER. WHY DO YOU FEEL THIS TREATMENT IS APPROPRIATE?**

3 A. The independent evaluation is solely focused on the Company’s universal service
4 programs. It is a required action for all natural gas distribution companies (“NGDCs”)
5 and electric distribution companies (“EDCs”) that operate universal service programs in
6 Pennsylvania. The evaluation will review not only the participation levels and costs of the
7 programs, all of which, with the exception of the hardship fund, are recovered from non-
8 CAP ratepayers through the Rider, but it will also identify any potential improvements or
9 efficiencies that will improve the administration of and access to these programs. For
10 these reasons, I believe inclusion in the Rider is appropriate. The specific costs proposed
11 for inclusion at this time are noted in **Peoples Statement No. 2 - the Direct Testimony**
12 **of Andrew P. Wachter.**

13
14 **Q. PLEASE PROVIDE AN OVERVIEW OF THE NECESSITY OF THE LIURP**
15 **COMPLIANCE SPECIALIST ROLE YOU ARE PROPOSING.**

16 A. Peoples’ service territory has grown considerably over the past 15 years with the
17 acquisitions of the former Equitable Gas and T.W. Phillips Gas companies. Prior to those
18 acquisitions, Peoples’ annual LIURP budget was roughly \$700,000. The program has
19 now grown five times to \$3.5 million annually.

20 In addition to the increase to the LIURP budget and associated projects,
21 weatherization programs across all utilities have continued to evolve. Measures
22 specifically required for health and safety are more common and critical. Coordination of
23 program benefits between natural gas and electric utility programs, as well as state

1 weatherization, is important to ensure customers receive the most benefit possible.
2 Further, with the recent LIURP rulemaking, there are additional requirements for tracking
3 and reporting that are important to ensuring not only compliance, but effectiveness in
4 serving the Company's eligible population. For these reasons, I believe it is important to
5 add a dedicated role to support LIURP within the Peoples organization.
6

7 **Q. WHY IS IT APPROPRIATE TO RECOVER THE COSTS OF THIS NEW**
8 **POSITION THROUGH THE LIURP BUDGET?**

9 A. Similar to third party administration of the program, this role will be 100% dedicated to
10 LIURP. All tasks and responsibilities will be limited to LIURP. Chapter 58 provides
11 detailed requirements of utility LIURP programs. The definition for administrative costs
12 in §58.2 states: *Expenses not directly related to the provision of program services. This*
13 *term may include salaries, fringe benefits and related personnel costs for administration,*
14 *secretarial and clerical support involved in fiscal activities, planning, personnel*
15 *administration, and the like; office expenses, such as rents, postage, copying and*
16 *equipment; and other expenses, such as audit and evaluation expenses, advertising and*
17 *insurance.* The responsibilities and daily tasks of this role are explicitly described in the
18 definition of LIURP administrative costs. As such, they should be included under the
19 LIURP budget which is recoverable under Rider US. The specific cost of the position is
20 noted in **Peoples Statement No. 2 - the Direct Testimony of Andrew P. Wachter.**
21

22 **Q. WHAT ROLE DOES THE USAG PLAY IN PEOPLES UNIVERSAL SERVICE**
23 **PROGRAMS?**

1 A. Peoples is fortunate to have a long-standing group of participants that include not only
2 advocates and members of the BCS and the Commission’s Office of Communications,
3 but members of our community who lead and operate social services throughout our
4 service territory. Our quarterly USAG meetings are not simply opportunities for the
5 Company to report out on its universal service programs, but these are true collaborative
6 sessions. For example, earlier in my Direct Testimony, I mentioned two types of petitions
7 that Peoples has pursued recently. One of which is to institute auto-enrollment for
8 LIHEAP recipients who have shared their household data with Peoples through DHS’s
9 data share program. The other are petitions pertaining to the stabilization of its EFSLR. In
10 all three cases, we sought the input of members of the USAG, not only at the quarterly
11 meetings, but through sub-committee petition-focused discussions as well when
12 appropriate. We recognize the value of gaining the perspectives of these members to
13 ensure that our universal service programs continue to be available, accessible, and
14 appropriately funded. It is also our intention as work through the independent evaluation
15 to include the USAG in that process. Looking ahead, as we receive guidance from the
16 evaluator on changes or improvements that could be made to our universal service
17 programs in our upcoming USECP filing, we will bring USAG into that conversation as
18 well. A transparent partnership with these stakeholders will best serve Peoples’
19 customers.

20
21 **Q. IN PEOPLES STATEMENT NO. 3, WITNESS SCANLON DESCRIBES A**
22 **PROPOSAL TO OFFSET COSTS OF THE UNIVERSAL SERVICE PROGRAMS**

1 **THROUGH THE USE OF TAX REFUNDS. DO YOU AGREE WITH THIS**
2 **PROPOSAL?**

3 A. I do. Throughout my Direct Testimony, I have discussed the importance of universal
4 service programs to support the needs of vulnerable households by reducing their
5 monthly bill obligations, assisting with arrears and in providing direct improvements to
6 homes to reduce energy and ensure safe and reliable heating equipment. In fact, the term
7 universal service is often used to indicate those programs or offerings that make it
8 possible for consumers to stay connected to utilities and maintain a safe and healthy
9 household. These programs, while necessary and important, bear a cost to ratepayers. In
10 this case, residential ratepayers. Using available tax refunds to reduce the costs to
11 residential non-CAP customers is a wise and important step to maintaining affordability.

12
13 **Q. YOU MENTIONED THE COSTS OF RIDER US ARE BORNE BY**
14 **RESIDENTIAL CUSTOMERS, IN PARTICULAR, THOSE THAT ARE NOT**
15 **PARTICIPATING IN THE COMPANY’S CAP. PLEASE DESCRIBE THE**
16 **CUSTOMERS WHO WOULD BENEFIT MOST FROM THIS USE OF TAX**
17 **REFUNDS.**

18 A. There are two particular groups of non-CAP customers that I see as benefiting
19 significantly from this proposal. First, there are income eligible customers who are not
20 participating in CAP and are therefore subject to Rider US. Second, we know that
21 households with incomes that exceed CAP eligibility are often struggling to make ends
22 meet. A common term for these households is ‘ALICE’. ALICE stands for Asset Limited,
23 Income Constrained, Employed. These are working families, often employed as essential

1 workers in child and patient care or in other service industries. Their income often falls
2 above the eligibility guidelines for programs such as LIHEAP and Peoples' universal
3 service programs. However, as the acronym describes, their income is constrained as
4 wages typically aren't keeping up with increases in the costs of basic needs such as
5 housing, child care, transportation and food.

6 If the tax refunds were flowed back to all ratepayers, these two groups of
7 residential customers would receive a very small benefit. However, through this proposal
8 to flow back the refunds specifically to the residential customers who contribute to the
9 universal service programs, a more noticeable benefit is achieved.

10
11 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 A. Yes. I reserve the right to submit supplemental testimony if additional issues arise during
13 the course of this proceeding. Thank you.

Peoples Natural Gas Company LLC

**UNIVERSAL SERVICE
AND
ENERGY CONSERVATION PLAN**

2019-2024

Amended March 27,2025 to reflect changes approved in the Peoples Natural Gas Petition at Docket Nos. P-2025-3053645, M-2018-3003177 and M-2020-3021343.

Includes red-lined changes proposed to Pilot LIURP - EFSLR as described in Petition P-2026-3060819 filed 3/3/2026

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LIST OF ATTACHMENTS

1. Attachment A -- Independent Evaluation Performed by APPRISE
2. Attachment B -- Sample CAP Bill
3. Attachment C -- LIURP Customer Pledge and Action Plan Forms
4. Attachment D -- Energy Conservation Education
5. Attachment E -- Programs Booklet
6. Attachment F -- Consumer Education & Outreach Plan
7. Attachment G -- Needs Analysis
8. Attachment H -- Zero Income Form

UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN

Overview

The Peoples Natural Gas Company (Peoples) submitted its current Universal Service Plan on July 16, 2014¹. It was approved by Final Order on December 17, 2015. The Plan incorporated the best practices of the Peoples and Equitable Divisions of Peoples Natural Gas and included an expansion of the Customer Assistance Program under a Pilot that allowed for participation for customers with significant balances and incomes between 151 and 200% of Federal Poverty Levels. The Company further amended the plan in 2016 to include an Emergency Furnace and Line Repair Program for the Equitable Division².

The Company has an active Universal Service Advisory Group (USAG) whose members include representatives from Office of Consumer Advocate, the PA Public Utility Commission's Office of Investigation & Enforcement and Bureau of Consumer Services, Public Utility Law Project, and local community partners such as Women's Center and Shelter of Pittsburgh, Salvation Army, Allegheny County Department of Aging, United Way PA 2-1-1, Catholic Charities and others. The USAG meets quarterly in January, April, July and October. The group provides valuable input into the outreach methods and communication efforts for the Company's Universal Service programs. It also has an important role in advising the Company on appropriate budgets, eligibility and program parameters. The input of the USAG was crucial to the development of this Plan and the changes proposed are reflective of the engagement of the group. The group's goal is to ensure the programs offered by the Company increase affordability, reach the vulnerable populations who need them and are managed effectively.

This Plan no longer includes the LIURP Pilot Community Partnership program. This program was designed to provide financial support to local organizations that offered energy conservation events and or programs in the Peoples Division service territory. The annual budget was \$50,000. When the program was launched in 2011, interest from partnering organizations was high and Peoples was able to support some very valuable conservation education programs. Over time, the number of proposals for support have continued to drop and in 2017, Peoples sponsored only one project and used the remaining funds to provide energy conservation programs developed and presented by Peoples' Energy Consultants. Therefore, the Company proposed, and the USAG agreed, that these annual funds would be better spent in the LIURP weatherization program, providing more available dollars to increase random inspections as well as health and safety spending. A letter of notification was submitted to the Bureau of Consumer Services on June 26, 2018 regarding the elimination of this program and use of these funds in the LIURP weatherization program. The transfer of the \$50,000 from the Community Partnership for Weatherization Program to LIURP is reflected in the LIURP budgets provided in this Plan.

¹ Docket M-2014-2432515

² Dockets P-2016-2562220 and M-2014-2432515

Plan Submission

This Plan will be in effect during the period from January 1, 2019 through December 31, 2028 and will be implemented upon approval by the Commission.

Plan Modifications

The proposed modifications, which are highlighted below, represent the Company's efforts to continually improve the effectiveness and efficiency of its Universal Service Program offerings. Proposed changes were developed from feedback received in the Independent Evaluation of 2017 and the input of the Company's USAG.

Customer Assistance Program

- Partnership with Duquesne Light to assist customers in enrolling in CAP for both companies with one income documentation submission.
- Provision added to allow customers to re-enter CAP up to 9 months after termination or removal, maintaining the same pre-CAP amount as existed prior to their exit.
- Limit the use of LIHEAP receipts in lieu of providing income documentation for CAP enrollment to those funds received in the current (or prior if the season has recently closed) LIHEAP season. This reduces the timeframe for which LIHEAP receipts can be used to indicate eligibility from 2 years to approximately one year.
- Elimination of the CAP Plus mechanism to improve affordability.
- Elimination of the pre-CAP add-on payment of \$5 per month for those that enter the program with arrearages.

CARES/Hardship Funds

- Company will make all efforts to partner with electric companies to provide services to vulnerable customers within the residence to obtain documentation for possible programs participation and provide resources.

Low Income Usage Reduction Program (LIURP)

- Increased allowance per job to include remediation of the heating system in addition to implementing pre-determined measures and in some cases for health and safety measures that allow the Company to move forward with weatherization project that might have otherwise been prohibited.
- Provide for an increase of random inspections above 25% of annual jobs to allow for a more effective quality control of the program measures installation, new contractors and/or of those situations in which the Company deems it appropriate to provide additional oversight to a contractor/(s).

LIURP Emergency Furnace & Line Repair Program

- Increase the annual budget for Peoples Natural Gas to \$863,750. to reflect changes in annual budgets determined in prior proceedings. Increase the annual budget for Peoples

Gas Company LLC to \$61,250 to reflect changes in annual budget determined in prior other proceedings.

- Increase all annual budgets by 3% for each subsequent year to reflect increases in labor and material costs.
- Include costs of minor restoration that is necessary to ensure safety for gas line replacements that include excavation.

Plan Attachments and Coordination Efforts

A list of attachments to this Plan follows the Table of Contents.

An integral part of the Plan is the coordination of Universal Service Programs both within the Company and through external agencies. Employees receive training regarding sensitivity to those with special needs as well as program availability and eligibility. Employees of the Customer Service Center as well as Field Operations make referrals to the Customer Relations team via email or phone. In addition, area agencies are a key source of outreach efforts to customers and are supported through materials and/or presentations provided by the Company.

The steps used to identify eligible customers and methods of program coordination can be found listed in the first section, Customer Assistance Program. These steps apply to all of the Universal Service Programs in the Plan.

Organization

Universal Service Programs are managed and directed by the Customer Relations Department which is housed in the Operations organization of the Company. The organizational chart for Customer Relations is provided at the end of this section. While the programs themselves are managed exclusively in the Customer Relations department, the important work of outreach and referrals occur throughout the Company.

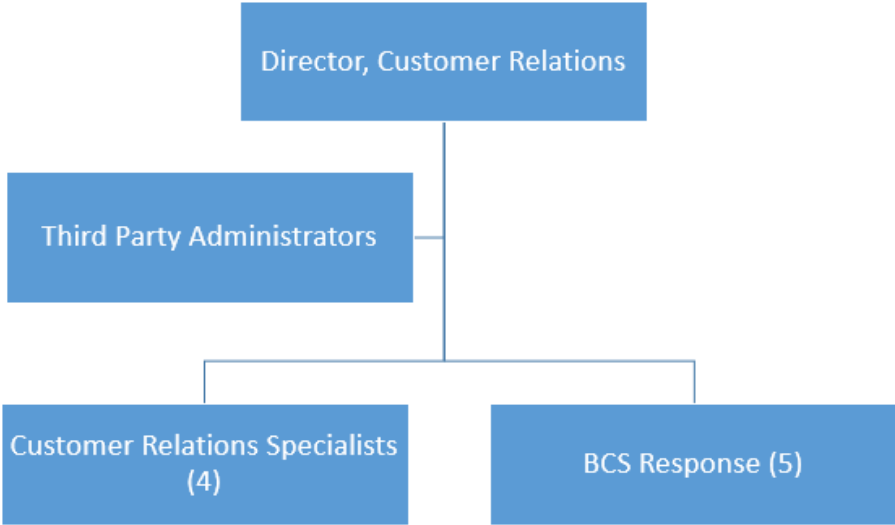
Incoming calls to the Company from low income customers are answered in the Customer Service Center, Monday through Friday from 7 a.m. to 5 p.m. Management of the Customer Service Center is provided by the Sr. Director of Customer Service. All agents receive training on the Company's Universal Service Programs in order to make appropriate referrals. Customers who appear to be eligible and in need of the Customer Assistance Program are transferred directly to Dollar Energy Fund, the Company's CAP administrator, for immediate assistance. CAP participants who need the assistance of a Dollar Energy Fund Hardship Grant are directly transferred to Dollar Energy Fund to apply for the grant over the phone and are not required to visit an agency. Customers who are in need of other Universal Service programs such as weatherization, emergency heating assistance or CARES are referred by the Customer Service Center to the Customer Relations department for follow up.

In addition to the organization which supports the connection of customers with available assistance, customers can additionally self-refer. Through the Company's website, customers

can contact the Company through the ‘Peoples Helps’ email line which is managed by the Customer Relations department. Customers creating an online payment arrangement through the Company’s e-account portal, and who present with income less than 150% FPL are identified and their accounts are forwarded on a weekly basis to the CAP administrator for outreach for potential CAP enrollment and to offer other Universal Service programs as appropriate.

In order to ensure we reach the most vulnerable, an employee-only phone line has been implemented for the Field Operations team. Field technicians can dial directly into the Customer Relations department to make the Company aware of customers in difficult circumstances so help can be provided. Field employees also receive a stock of customer care cards that are essentially business cards with the Company’s phone number and a list of programs to hand out to customers who could benefit from these programs. Customer Relations staff members additionally provide ‘on call’ service to Operations after normal working hours and on weekends. This service allows us to coordinate assistance for vulnerable customers, particularly if an issue arises in colder weather that affects heat to the home.

Customer support has high visibility in the Company as seen through regular presentations to the management team. Educating employees on Universal Service programs is a key focus of Peoples’ Making Life Better mission.



CUSTOMER ASSISTANCE PROGRAM (CAP)

Program Description

Peoples CAP is a special payment plan for low-income, payment-troubled customers. Through CAP, low income customers pay a percentage of their income for natural gas service. The reduced payment amount is designed to improve payment compliance and reduce collection activities.

Eligible customers agree to pay 4%, 5%, 6% or 11% of their verified before-tax monthly income for natural gas service. The household income and family size determine which percentage of income the customer is to pay. Earned and unearned income of minor children is excluded in the determination of eligibility and calculation CAP payment, in compliance with the definition of household income found at 66 Pa.C.S. §1403. If the average bill for the premises is lower than the calculated percentage of income payment, the customer's CAP payment will be the average bill amount.

Eligibility for CAP is income at or below 150% FPL. Customers with incomes between 151 and 200% FPL that meet additional eligibility requirements will be eligible to participate in the Pilot CAP expansion.

Findings and Recommendations from Independent Evaluation

1. Phone and Agency Enrollment – Most customers enroll in CAP over the telephone by calling DEF. Customers appear to appreciate the convenience of the telephone enrollment and very few customers visit an agency to enroll in CAP. However, there may be additional cases where agency enrollment may provide important benefits to the customer such as quicker enrollment or more education and referrals, and should be recommended.
2. Income Verification – Peoples has reported that they are working to make it even easier for customer to provide income documentation, by creating additional mechanisms for customers to submit the information.
3. Recertification – As with enrollment, customers appear to appreciate the ability to recertify by mailing in their documentation rather than visiting an agency. However, it may be beneficial for Peoples to suggest that certain customers visit an agency to recertify to obtain a better understanding of the program, the importance of making the monthly CAP payment, and additional resources that may be available to assist them in meeting their needs.
4. CAP Bill – Peoples has designed a CAP bill that provides a clear presentation of the monthly CAP payment, the five-dollar contribution for arrearages and the CAP credit as the difference between actual usage and the CAP payment. Peoples could add information on the amount of arrearage forgiveness that will be received when they pay their bill to make this even more apparent.
5. CAP Plus – The CAP Plus adder impacts energy burden and affordability. Peoples should continue to monitor this adder and assess how increases impact affordability, especially for the lowest income customers.

6. Affordability – The CAP survey and the transactions data analysis clearly showed that the program has improved affordability for participants.
7. Bill Payment – CAP also had a positive impact on bill payment.
8. CAP Satisfaction – Customers reported that CAP was very important in helping them to meet their needs and their satisfaction was high.

Modifications Since Last Plan

Peoples implemented the suggestion provided in finding number 4 above regarding the CAP bill. A message has been added to CAP bills, directly below the CAP payment amount, to remind customers of the Arrearage Forgiveness benefit they will receive by making the payment. Please refer to Attachment B for an example of this bill message.

In response to finding number 5, Peoples engaged the regulatory focused members of its Universal Service Advisory Group to review, analyze and discuss potential CAP Plus modifications to address the affordability impact on the lowest income participants in its program. This working group analyzed data and held discussions that led to the modification of the CAP Plus mechanism that is described in this Plan.

The Company also considered the suggestion from the independent evaluation that some customers will be better served through enrolling in CAP in person. While this option has always existed at any Dollar Energy Fund agency, the Company has taken steps to increase the visibility of this option and to encourage its phone agents to offer this option to customers. There has also been a change to agency compensation, providing for agency reimbursement for the cost of completing a CAP application, regardless of whether the customer is ultimately enrolled. The Company has provided CAP training at Catholic Charities of Allegheny County so that customers can apply for CAP in person.

In order to ensure income eligibility, the Company has changed the LIHEAP eligibility provision of its CAP enrollment process to limit the use of LIHEAP in lieu of income documentation to customers who have received a LIHEAP cash or Crisis grant within the current or most recent program year. Prior to this change, customers could enroll into CAP without submitting income documentation if the Company had received LIHEAP funds in the past two years.

An online application, utilizing Dollar Energy Fund's MyApp application has been implemented, allowing customers to apply for CAP online. During the online application process, customers may submit their income electronically. The online application can be found at: <https://www.hardshiptools.org/MyApp/>. The Company plans to implement a paper application, to be completed via US mail, for customers who prefer this method. The paper application will be available in October of 2022.

Eligibility Criteria

The CAP program is available to customers who are at or below 150% of the Federal Poverty Income Level (See Attachment E - Income Guidelines). The customer must have active

residential heating service. If a customer reports zero income, a zero-income form, as shown in Attachment H, can be submitted in lieu of income documentation for enrollment in CAP.

Under a pilot expansion of CAP, customers with incomes between 151 and 200% of Federal Poverty Level, at least one broken payment arrangement and a significant arrearage may also participate. A significant arrearage is generally defined as a balance of \$800 or more, but flexibility is given in the evaluation of individual circumstances. Customers in this income group must apply for a Dollar Energy Hardship Fund Grant to be applied to their account balance prior to entering the CAP program if such funds are currently available.

Prior CAP customers who apply for service within nine months of service termination or discontinuance will continue to be considered active participants provided that they pay their CAP bill arrearage. An applicant with an outstanding balance that has not previously participated in CAP may enroll and restore service by submitting income documentation supporting their eligibility for the program and will not be required to make an arrearage payment. CAP-eligible customers who receive LIHEAP and/or Hardship Fund for restoration may enroll in CAP without submitting additional documentation and any remaining balance, following the crediting of energy assistance, will be frozen as pre-program arrearages.

Upon contact, a customer may be enrolled in CAP without providing income documentation if he/she has received a LIHEAP payment within the current or most recent LIHEAP program year. Additionally, if service is off and the customer receives approval for LIHEAP or Hardship Fund grants to restore service, no additional income documentation will be required to enroll in CAP. Peoples will accept a customer's participation in an electric or water CAP program as verification of income if the customer provides authorization for the CAP administrator to utilize income documentation submitted by the customer to enroll in another CAP program managed by the administrator (i.e. First Energy, Pennsylvania American Water) or authorizes another utility CAP program to share income information for the purposes of enrollment. Permission to use income data previously provided to Dollar Energy Fund for the purposes of enrolling in another program will only be used if the customer provides informed consent to such use. The use of this income data will be used to determine eligibility only and will not be used for any other purpose. If a customer enrolls in Duquesne Light's CAP program and provides their permission for their information to be shared, the Company will receive the customer's information from Duquesne Light and will complete enrollment on behalf of the customer. The customer may submit income for the past 30 days or 12 months, whichever is more beneficial to the household, for the determination of eligibility to participate in CAP.

The Company will follow its collections procedures for customers who fail to meet their CAP payments in a timely manner. In all cases, the Company reserves the right to delay termination based on individual, extraordinary customer circumstances. Examples of such circumstances may include mental or physical impairment and protection of vulnerable customers such as those with advanced age or victims of domestic violence.

Current CAP participants that move to a new address within the Company's service territory will be identified through a daily report. This report will be reviewed by a member of the Customer Relations team to expedite enrollment of the customer's new account into CAP to ensure benefits

are maintained. Report development and implementation of this process is expected by August 1, 2022.

Low Income Home Energy Assistance Program – LIHEAP Coordination

The LIHEAP and LIHEAP Crisis Program provide grants to eligible households to help with their utility bills. CAP participants should apply for LIHEAP and the Company provides information on how to apply for the grants. The Company mails annual reminder letter to CAP participants who have not yet received a LIHEAP grant within the program year. The LIHEAP Crisis Grant may be requested contingent upon state developed criteria and would be applied consistent with state guidelines.

Current Program Benefits

- Affordable monthly payments based on ability to pay.
- Monthly CAP credits.
- Monthly arrearage forgiveness when timely CAP payments are received.
- Exemption from late payment charges and waived security deposits for CAP eligible applicants.
- Referrals to other Universal Service programs and assistance programs

Payment Plan

Peoples utilizes a “Percent of Income Payment Plan” to establish a customer’s monthly payment. Applicants must provide proof of household income when applying for the CAP program unless they have received a LIHEAP grant within the current or prior program year (if the program recently closed). Household income and family size will place customers in a percent of income matrix. The monthly income times the 4, 5, 6 or 11 percent equals the minimum monthly payment, unless the budget amount for the premises is less, in which case the budget amount will become the CAP amount

<u>Federal Poverty Status</u>	<u>Percent of Income</u>
0 - 50%	4%
51 – 100%	5%
101 – 150%	6%
151 – 200%	11% CAP Pilot Expansion

Customers’ CAP payments are reviewed on a monthly basis, during the billing process, to ensure the customer’s CAP payment is the lowest payment for which the customer is eligible (i.e.

budget or percentage of income). If a payment change is needed, it is effective the following month. A bill message on the current bill advises the customer the CAP payment for the following month will be changing in order to alert them to review the next bill closely. In order to maintain a stable payment, absent any special circumstances such as billing adjustments, the payment will be changed no more often than once every three months.

Customers reporting 'zero income' can be enrolled or continue to participate in CAP by completing the Zero Income Form. Customers enrolled with 'zero income' will be billed the CAP minimum payment and will be required to recertify their income status in 6 months.

Payments received from the customer exceeding the current CAP payment due will be used to reduce the following month's CAP payment amount.

Program Dimensions

1. CAP Enrollment

The current number of active CAP participants, as of December 31, 2019 is provided in the table that follows. Enrollment is not limited to a predetermined level. Customers must be payment-troubled and low-income to be eligible. Income eligibility is established at or below of 200% of the federal poverty level (CAP to 150% FPL and Pilot CAP expansion 151 to 200% FPL).

Peoples Natural Gas
32,870

2. Arrearage Forgiveness

The outstanding balance at the time of enrollment is frozen and treated as pre-program arrears. CAP customers with pre-program arrearages are eligible for Arrearage Forgiveness credits equal to 1/36th of their pre-program balance when the customer pays the required CAP payment. This program allows CAP participants to fully extinguish their pre-program balance over a three (3) year period. Arrearage Forgiveness credits are provided when the customer makes each on-time and in-full monthly CAP payment, regardless of CAP arrearages.

3. Calculation of CAP Credits

CAP credits are applied on a monthly basis when the CAP bill is issued to the customer. Per 52 § 69.262, a CAP credit is defined as the difference between the CAP customer's actual usage bill and the CAP monthly bill.

4. CAP Administration and Use of Community Based Organizations

Dollar Energy Fund administers Peoples' CAP program which includes verification of eligibility, recertification and day to day account monitoring. The agency receives customer applications via telephone and has a network of community-based organizations that are available to complete CAP applications for eligible customers. The agency offers an online CAP application which can be found at <https://www.hardshiptools.org/MyApp/> and can provide a paper application, as requested, via US mail beginning October 1, 2022.

The Company also utilizes utility partnerships and agencies such as Catholic Charities for CAP enrollment to simplify the process for customers and increase the likelihood customers will enroll in CAP programs with each of their utility providers.

5. CAP Customers who have enrolled on the basis of LIHEAP or who have certain fixed income types (pension, social security or disability) are recertified once every three years. Other income types will recertify once every two years. Customer reporting no income are required to recertify at least every (6) months. The exception to this requirement are those households whose sole income is unearned income for a child. In those cases, recertification, dependent on the type of income received by the child, will follow the recertification schedule provided for that type of income. Recertification begins with the issuance of a letter to the customer, 60 days in advance of the recertification date, requesting the customer to submit proof of income to remain active in the CAP program. A second reminder letter is mailed 30 days later. If at the end of the 60 day period, the customer has not provided the required income documentation, the customer will be dismissed from the CAP program.
6. Final Bills – Final bills are calculated as a prorated CAP amount based on the number of days in the final bill period. In addition to the current portion of the final bill, the formerly frozen pre-CAP balance becomes due.

Control Features

To limit program costs, Peoples, through its administrator, monitors CAP accounts to ensure customers are complying with the terms of the program and are receiving the proper benefits from CAP and other Universal Service Programs.

- The minimum payment for a heating account is \$25 per month.
- CAP participants who qualify for weatherization will receive priority in accordance with the criteria established for the LIURP Program.
- A CAP customer who meets the eligibility criteria for LIHEAP will be encouraged to complete an application.
- Upon enrollment in CAP, participants will be advised of the importance of energy conservation and will receive information on conservation tips and weatherization programs. Customers with a history of high energy usage and those who reach review status for exceeding \$1,000 in CAP Credits or exceeding annual usage thresholds will be

referred to the Company's weatherization program (LIURP) and any other appropriate programs. All participants will be advised that their usage will be reviewed on an ongoing basis and unjustified excess CAP usage or excess CAP credits may result in removal from the CAP Program if such usage is considered by the Company to be outside of the intentions of the CAP program.

- A daily report allows the CAP Administrator to identify CAP customers whose weather-normalized annual usage has increased by more than 25%. When a CAP customer's account appears in the report, the Company representative will take the following steps:
 - The account will be reviewed and the customer will be contacted in order to determine if the increase in gas usage is justified. Contact is made through phone and paper surveys regarding the household and housing attributes that would justify high usage. Justified usage may include: increase in household size, serious illness of a family member, or usage was beyond the household's ability to control such as poor housing stock and inefficient appliances. Special needs customers identified through this process will be referred to the CARES program in accordance with 52 PA Code, § 69.261-267.
 - Any customer with unjustified excess usage will be contacted and provided with conservation information, tips for decreasing usage, and referred to weatherization programs. Unjustified excess usage may result in the CAP customer being removed from the CAP Program. Prior to any consideration of removal, LIURP and energy education services will be offered.
- In addition to usage monitoring, Peoples monitors customers who exceed \$1,000 in CAP credits. In advance of reaching the \$1,000 threshold, customers will be notified of their current use of CAP credits and offered information about the LIURP weatherization program when they reach 50% or \$500 in CAP credits and again at 75% or \$750 in CAP credits annually. Such notification will include a description of the customer's responsibility to monitor their gas usage and advisement that the customer may be held responsible for CAP credits exceeding the \$1,000 CAP credit limit.
 - When an account exceeds the \$1,000 CAP credit threshold, the account is reviewed and the customer may be contacted in order to determine if excess CAP credits are justified. Contact is made through phone and paper surveys regarding the household and housing attributes that would justify high CAP credits. Justification may include: an increase in household size, serious illness of a family member, or usage was beyond the household's ability to control such as poor housing stock and inefficient appliances. Special needs customers identified through this process will be referred to the CARES program in accordance with 52 PA Code, §69.261-267. Customers exceeding the \$1,000 threshold due to participation in CAP at the minimum payment level are reviewed. If usage is in line with historical usage, completion of the survey is not required.

- Unjustified CAP credits in excess of \$1,000 may result in removal from participation in CAP. Prior to any consideration of removal, LIURP and energy education services will be offered.

Default, Termination Conditions and Requests for Removal

The Company monitors accounts for changes in family size or income, timely payments, appropriate usage and timely meter readings. A CAP participant's failure to comply with one or more of the following may result in the Company ending the customer's opportunity to receive service under CAP:

- Failure to allow access to or provide customer meter readings in four consecutive months.
- Failure to report changes in income or family size.
- Failure to recertify as requested and/or to meet eligibility requirements.
- Failure to make payments may result in the Company undertaking collection activities which may lead to termination of service. To avoid termination, the customer must pay CAP arrears prior to the scheduled termination date. If a CAP account is terminated, the customer must pay all missed CAP payments to restore service. If CAP is the only prior arrangement on the account, making the customer eligible for reduced restoration, the customer may pay 1/24th of arrears to restore service.
- Use of natural gas, while on the CAP Program, for recreational purposes such as, but not limited to pool heaters and gas grills is prohibited. Customers using gas for recreational purposes will be removed and can be re-enrolled upon verification that the natural gas connection to the recreational appliance has been removed.

Appeal Process

CAP applicants may appeal the denial of eligibility. If the CAP applicant is not satisfied with the Company's initial eligibility determination, the Company will follow the dispute procedures at 52 PA. Code §56.151 and 56.152. The CAP applicant may also appeal the denial of eligibility to the PUC's Bureau of Consumer Services in accordance with 52 PA Code §56.161-56.165.

Needs Assessment

Please refer to the Needs Assessment conducted in the Independent Evaluation which is provided as Attachment A and the additional Needs Assessment information developed by the Company as shown in Attachment G. Historical residential customer counts for Peoples Gas are also included in Attachment G. In the Independent Evaluation, the Needs Assessment executive summary is provided on pages xvi through xvii. The full needs assessment is provided on pages 38 through 43.

Program Budget

- The CAP Program is funded by Peoples' customers and administered by the Company. The chart below contains the projected expenditures for 2019-2024 period. Cost recovery of particular CAP components is provided through the Universal Service Rider of Peoples Natural Gas. Recoverable costs include CAP credits, Arrearage Forgiveness, and third-party administration. The budget provided below is based on 2019 actual participant income and using average CAP usage to calculate CAP credits, average pre-CAP balances to calculate Arrearage Forgiveness and contractual costs for CAP administration as projected on a yearly basis. The Rider has other adjustments, such as a bad debt adjustment, that determine the actual amount recoverable. The Rider is subject to an annual reconciliation to actual experience. The rates used in the calculation of CAP credits are effective January 1, 2020 and therefore include the base rate increase approved for Peoples Natural Gas in late October 2019. Year end 2019 participation is used as the basis for the calculation.

	Peoples Natural Gas
2019	
2020	\$18,216,507
2021	\$18,253,197
2022	\$18,290,987
2023	\$18,329,911
2024	\$18,370,002

Plans to Use Community Based Organizations

Peoples' CAP program is managed by Peoples' staff and administered by Dollar Energy Fund. Dollar Energy Fund will contract with community-based organizations throughout PNG's service territory. While enrollment over the phone is preferred by most customers, the Company recognizes the need to offer in person enrollment for those who prefer and/or are more suited to this approach. Customers can apply in person at Dollar Energy Fund agencies and some Catholic Charities offices. The Company continues to look for other opportunities to expand availability of in-person CAP applications in partnership with Duquesne Light. Peoples continues to work closely with community-based organizations to provide appropriate follow up, information on education, budget counseling and referrals in conjunction with LIURP. In addition, Peoples refers eligible customers to appropriate programs and services including, but not limited to, sources of third-party funding, budget counseling, and consumer education.

Organizational Structure of Staff responsible for CAP

Peoples' CAP program is managed by the Customer Relations department and is administered by Dollar Energy Fund. The Company visits the CAP administrator on a monthly basis, reviewing recorded calls for quality assurance, verifying CAP program control processes are completed in a

timely basis and meeting with supervisory staff to review current processes including training materials for agents, correspondence used for customers and other pertinent components of CAP administration. The Company also holds a biweekly conference call with DEF management staff to share updates on program availability (i.e. LIHEAP opening/closing), discuss current trends and to gain status updates on outreach efforts. In addition, the Company will, on an annual basis, review a selection of randomly chosen accounts for income documentation verification.

Outreach and Intake Efforts for CAP

Peoples will provide outreach for CAP and other Universal Service Programs through the Customer Service Center, the Company website and other forms of media as listed below. Fliers are included with termination notices to inform customers of available programs. Bill inserts, press releases and other information are also provided to the public to encourage referrals. Community-based agencies receive information on these programs and are encouraged to make referrals as well. Meetings are held with social service agencies, elected officials and other community groups to provide current information on available programs. Information on the programs can also be found on the Company's website. Peoples will also utilize the Southwestern PA 2-1-1 for referrals and provide updated information to the Company's Universal Service Advisory Group. The CAP Administrator makes outbound calls to all customers who establish a payment arrangement through the Company's e-account which is reflective of income at or below 150% FPL.

Identification of Specific Steps to Identify and Enroll Low-Income Customers

Potentially eligible customers are identified through their income information that is documented in the Company's billing system. Customer Service Center Representatives receive training on identification of potential referrals to all Universal Service Programs. Following pre-screening for eligibility and appropriateness of CAP program for the customer's situation, the call agent refers them to the administrator for enrollment via phone or provides information to the customer about applying in person if that options is more preferable or suitable to the customer. Customers in need of CAP who appear to have challenges to traditional enrollment and require more support can be referred to the Company's CARES program for additional assistance. Information on income eligibility and program dimensions is provided in training and employee resource materials.

Integration of Programs

All customers calling Peoples' general customer service number (1-800-764-0111) or its Universal Service line (1-800-400-WARM) are screened for eligibility and appropriateness of Universal Service Programs including, but not limited to, CAP, LIURP, LIHEAP, CARES and Hardship Funds.

Field Service Personnel also make referrals to Universal Service Programs through a direct, employee only line that is answered by the Customer Relations department on an immediate

basis. The Company provides Customer Service Center representatives with information and referral mechanisms for all of the Universal Service Programs and includes income guidelines and eligibility criteria.

LOW INCOME USAGE REDUCTION PROGRAM (LIURP)

Program Description

Peoples' LIURP Program is designed to help low income customers who have problems coping with high gas bills. Program goals are to make the home more energy efficient, control high usage and achieve bill reduction through energy savings.

Independent Evaluation Findings & Recommendations

1. Energy Education – Peoples has developed an extensive education program for their LIURP participants. They implemented a Pledge Form to involve the customers with the contractor and an Action Plan form that lists the actions that the customer committed to take to further reduce gas usage. Peoples contracts with energy consultants who perform random inspections and provide additional energy education to the customers about the work completed and additional actions the customers can take to save energy.
2. Energy Savings – Peoples has achieved high savings from LIURP, averaging about 20 percent of the customers' pre-treatment natural gas usage. However, given the high level of pre-treatment usage, and the investment level, Peoples should consider whether it may be possible to achieve even higher savings through targeting and the services that are provided.
3. Targeting – Peoples should consider whether they want to make additional efforts to serve the highest of the high users or the customers who are most payment troubled. They could target a subset of high-usage list for additional outreach to encourage participation.
4. Energy Efficient Measures – Peoples should assess whether they are opportunities to reduce the number of heating system replacements and increase the emphasis on air sealing and insulation.
5. Coordination – Peoples works to complete jobs that are combined with the PA Department of Community and Economic Development Weatherization Program and with electric companies. When jobs are coordinated with State Weatherization or electric companies, Peoples is typically responsible for replacing the heating appliance if replacement is necessary. They completed 17 combined jobs in 2014, 23 combined jobs in 2013, and 33 combined jobs in 2012. Peoples should continue to work with the electric companies, as planned, to try to increase coordination, thus providing improved energy efficiency through a holistic approach.

Modifications Since Last Plan

As described in the Independent Evaluation findings, the Company implemented a pledge form and an action plan form with the goal of enhancing the customer's commitment to conservation as well as the contractor's commitment to usage reduction. The pledge and action plan forms are provided as Attachment C.

Individual project budget guidelines were expanded to allow for remediation of the heating system in addition to implementing the pre-determined usage reduction measures to maximize the efficiency gained in the project. The program also provides a more generous allowance for health and safety items (those measures that do not offer a usage reduction outcome). This allows for the completion of jobs that may have otherwise required the company to forego the project and additionally benefits the overall health and safety of the household.

Participants who do not experience a reduction in pre-treatment usage (non-savers) participate in a Non-Savers Survey which attempts to identify the reasons for the current usage while additionally providing energy conservation education. Survey results are reviewed to determine if additional education and/or a home visit are recommended. Customers whose usage increases by 10 MCF or more annually post-LIURP receive a follow-up home visit where they receive additional conservation education and their appliance temperatures are checked to ensure energy efficiency. All non-savers receive a letter concerning their energy usage that contains conservation information. Non-savers are not penalized for their usage.

The Company accepts Weatherization Assistance Program (WAP) and First Energy Companies' audit forms for those jobs performed as a partnership to reduce the paperwork requirements of the contractors and further encourage coordination of services.

Peoples Natural Gas received approval for a base rate increase effective October 29, 2019. This approval included an increase of \$650,000 to the annual LIURP budget. This change is reflected in years 2020 through 2024 below.

Eligibility Criteria

As recommended by the Independent Evaluation, participation will be targeted to customer that are the highest users.

- Prioritize customer participation to the lowest income and highest arrears.
- Total family income does not exceed 150% of Federal Poverty Guidelines. (Up to 20% of the annual program budget may be allocated to customers with incomes from 151-200% of the federal poverty level on a case-by-case basis.)
- Residential, gas-heating customer.
- Customer has not moved and has not had gas service terminated within the last year (to ensure sufficient pre-treatment usage information is available to evaluate the effectiveness of weatherization measures).
- Customer has not received weatherization services provided by the Company within the past 7 years.
- Customer has an annual consumption greater than 120 MCF/year.
- Renters must have the gas account in their name and receive landlord permission to participate. Rental units must be metered separately and have individual heating systems.

Home Weatherization

An energy auditor visits the customer's home and conducts a thorough investigation. The auditor assesses areas where heat is escaping and cold is entering the house and also notes any previous weatherization measures that were installed and evaluates their effectiveness. The auditor asks customers to provide additional information that can assist them during the home inspection.

The information that is gathered by the auditor determines what measures will most benefit the goal of energy reduction in the customer's home. Measures are installed based on established payback criteria and may include:

- Heating system improvements and replacements
- Attic, sidewall, and other types of insulation
- Caulking and weather-stripping
- Air sealing
- Hot water treatments including tank improvements, wrapping and replacements
- Minor repairs that relate to weatherization

A general guideline of \$600 per job for health and safety is provided with the understanding that the auditor may recommend measures of up \$1,000 if necessary. If health and safety measures are identified exceeding \$1,000, the measures are reviewed for approval on a case-by-case basis. Examples of health and safety measures include implementing proper venting of natural gas appliances and minor plumbing or roofing leaks. Health and safety expenditures are tracked individually in the Company's LIURP database and are monitored closely by the program administrator.

State Weatherization (WAP) and First Energy Companies' audit forms are accepted by the Company for coordinated jobs.

Random inspections provide the necessary feedback to better serve customers, evaluate contractor performance and identify areas of improvement. Random inspections will be performed on a minimum of 25% of jobs completed annually.

Energy Education

In addition to weatherization services, LIURP provides customer education to encourage ongoing conservation. When energy conservation measures are being installed, an educator will explain the weatherization program in more detail and provide conservation and energy efficiency suggestions. The educator may provide "hands on" demonstrations of conservation measures such as lowering the heating system thermostat, lowering the water heater setting and regular replacement of furnace filters. The educator provides written reference materials for the

customers. The contractor will also review a pledge form with the customer to emphasize the commitment to energy reduction.

If the customer has had an unusually high increase in consumption, a follow up telephone call or visit may be scheduled one year after the program measures have been completed.

Please refer to Attachment D for a conservation booklet that is commonly used for energy education.

Needs Assessment

Please refer to the Needs Assessment conducted in the Independent Evaluation which is provided at Attachment A. The Needs Assessment executive summary is provided on pages xvi through xvii. The full needs assessment is provided on pages 38 through 43.

Projected Enrollment Levels

	Peoples Natural Gas
2019	311
2020	457
2021	384
2022	374
2023	374
2024	374
Total	2,304

These projections are based on average spending per home, including the implementation of heating appliance replacement (if necessary) and installation of necessary usage reduction measures.

Program Budget

	Peoples Natural Gas
2019	\$2,380,000
2020	\$3,710,376
2021	\$3,030,000
2022	\$3,030,000
2023	\$3,030,000
2024	\$3,030,000
Total	\$18,210,376

*Please note 2020 budgets include projected carryover dollars from 2019.

The above figures include installation of program measures, third party contract labor, administrative expenses, agency meetings, equipment, outreach, and educational materials. The Peoples Division budget reflects an increase of \$50,000 annually which represents the elimination of the LIURP Pilot Community Partnership for Weatherization program and the transfer of that program's budget to LIURP.

Figures provided include shareholder funds where applicable.

On September 12, 2024, the Commission issued an Order at Docket R-2023-3044549 regarding Peoples requested base rate increase. Included in the Order was the approval of a Low-Income Stipulation reached with multiple parties to the case. This Stipulation increased the annual LIURP budget to \$3,500,000.

Plans to use Community Based Organizations

Peoples' LIURP program is administered through CLEAResult. As its current administrator, CLEAResult will conduct energy audits, contract with non-profit community action agencies and private contractors as appropriate to install weatherization measures provide consumer education and perform post-installation inspections. Partnering with state weatherization and other utility programs are emphasized to maximize the benefits to the consumer. CLEAResult provides administrative daily operations including enrollments, contracting and coordination with other programs. In addition, at least 25% of the homes weatherized will be subject to random inspections.

Organizational Structure of Staff responsible for LIURP

See Organizational Chart, page 4. Peoples' internal management provides oversight to the program administrator, CLEAResult.

Outreach and Intake Efforts for LIURP

The company promotes LIURP through internal and external efforts. Training is provided to customer interaction personnel including agents in the customer service center and customer service field personnel. Engagement with organizations who service customers throughout the service territory, the company website which includes a video library on conservation, published articles on easy conservation steps and safety information. Bill inserts are also used to share information about LIURP and identify eligible participants.

All customers who contact the Company for assistance from the Emergency Furnace and Line Repair program are screened for LIURP eligibility.

Customers who participate in the CAP program and meet LIURP eligibility criteria are referred

to LIURP during the CAP Intake Process and during the reviews for use of CAP credits and/or increased annual usage. Additionally, agents in the customer service center routinely refer customers they encounter with high usage.

Peoples' coordinates its LIURP Program with existing community-based programs including Beaver County Redevelopment Authority, Re-Energize Pittsburgh, LIHEAP/ Crisis program, WAP (Weatherization Assistance Program) and others as each individual circumstance permits.

CLEAResult, the LIURP Administrator, receives a list from the Company of potentially eligible customers at the beginning of each calendar year. CLEAResult uses this list to contact customers via mailings and phone calls to inform the customer about the program and offer enrollment.

Steps to Identify and Enroll Low Income Customers

Eligible customers are identified through company internal reports and other universal service programs such as the CAP, CARES and LIHEAP programs. Customers are enrolled in the LIURP program in accordance with program guidelines.

The company provides training to employees who interact with the customers so that they can be informed about program eligibility requirements. In addition, the company makes all efforts to educate agencies who serve our customers so that they may refer potential participants.

Integration of Programs

Peoples continues to look for ways to increase coordination with the federal and state weatherization programs, electric utilities weatherization and Act 129 programs. Additionally, when opportunities offered by other non-profit organizations are available, the Company seeks coordination with these third-party efforts as well.

Peoples will also integrate the program through internal processes such as CAP intake, recertification, CAP usage review process, LIHEAP recipients and the Emergency Furnace/Line replacement program. In addition, the company reinforces the use of an internal Universal Service e-mail to increase referrals.

LIURP -- EMERGENCY FURNACE / SERVICE LINE REPAIR ASSISTANCE

Program Description

Peoples Emergency Furnace/House and Service Line Repair Program serves customers with limited income and who are experiencing a crisis and possibly going through the winter months without heat because they cannot afford to have their furnace or service lines repaired. Additionally, the Company may consider replacement or repair of water heaters, in cases of vulnerable customer needs, safety issues that arise during a furnace replacement and/or as required by the replacement of a heating system, as eligible under this program.

Program budget for 2019 was as follows:

Peoples Natural Gas
\$850,000*

*\$400,000 budget for Equitable Division was approved in 2019 (M-2014-2432515), resulting in an overall budget for Peoples Natural Gas of \$800,000 annually.

These budget levels were also in place during 2017 and were fully exhausted. Early 2018 was colder than normal, resulting in a high number of heating system failures and an increased need for assistance from the program. The budgets included in this Plan were developed using average costs per job type (i.e. furnace, boiler, service line) and activity levels.

The program will allow for restoration of sidewalks, driveways and/or soft ground when necessary to ensure safety following excavation. Restoration costs covered by the program will be limited to those directly necessary to avoid an unsafe condition. All jobs that have the potential to require restoration will be evaluated to determine the prospective level of excavation related costs in determining whether the repair/replacement project can be covered under the Company's program.

The company partners with the Air Conditioners Contractors of Western PA (ACCWPA) to provide cleaning and tune up and a safety check prior to the heating season, of the heating appliance for small number of participants (30 in 2017). While the ACCWPA volunteers their time to provide the service, customers may receive financial assistance through the Company's program to resolve a repair or provide a replacement if a safety issue with the heating system is identified. Participants in the program are required to be homeowners within 200% of FPL.

Eligibility Criteria

- Homeowners and renters are eligible to participate as long as budget dollars remain available. Up to 25% of the annual budget may be used to serve renters. Signed landlord consent is required for participation.
- Total household income may not exceed 200% of FPL.

- Must have a need for emergency repairs and/or replacement of the heating system, hot water heater and/or gas lines. Non-emergency repairs and replacements are not covered by this program.
- Residential, gas-heating customers only
- Customers should apply for LIHEAP/Crisis is the program is available.
- All requests for assistance will be processed on a first-come, first-served basis.

The Company may refer eligible customers to LIHEAP Crisis when that program is available. This referral process allows Peoples to protect available funds of the program for use by those with immediate needs that cannot await LIHEAP Crisis as well as those customers who do not meet LIHEAP Crisis income qualifications (i.e. 151 to 200% FPL).

All potential repairs or replacements are evaluated by a contractor on behalf of the company to determine if the project is suitable to be covered by the program.

Needs Assessment

Based on historical participation Peoples estimates 355 customers to receive assistance through this program on an annual basis.

Projected Enrollment Levels

Because the prices for labor and materials consistently increase, and with the addition of limited restoration costs on an as necessary basis, the number of customers assisted will vary in relation to the types and costs of projects completed in a given year.

Program Budget

	Peoples Natural Gas
2019	\$860,000
2020	\$960,800
2021	\$987,374
2022	\$1,014,746
2023	\$1,042,938
2024	\$1,068,975
2025	\$1,500,000
2026	\$2,000,000
2027	\$2,000,000
2028	\$2,000,000
Total	\$11,934,833

The budget was developed using average costs for project types: boiler replacement, furnace replacement, heating system repairs and gas service line replacements. Additionally, the

Company assumed 20% of the service line projects will require repair/replacement of sidewalks. The costs above include third party administration, but do not include internal labor.

The approved settlement of the acquisition of the Peoples companies included an increase to this program of \$75,000 annually. This increase is funded by shareholders for a three-year period post-closing. After the three-year period, the program will be funded by the approved cost recovery mechanism in place at that time. The increase of \$75,000 is an increase of 8.8% to existing budgets (\$850,000).

Any unspent funds in a program year will be carried over the next program year.

Organizational Structure

See Organizational Chart on page 4.

Outreach and Intake Efforts

Peoples will coordinate the emergency program with existing programs through Department of Community Economic Development (“DCED”) and LIHEAP Crisis and will accept referrals from community-based organizations, Company representatives and other third parties.

Identification of Low-Income Customers

As this is an emergency assistance program, customers self-identify or are referred by local community service agencies or Company field personnel.

Program Integration

The program is currently administered by CLEAResult. In order to realize efficiencies and better coordinate with other programs, the agency will utilize subcontractors who are currently working to implement the Peoples’ LIURP program.

CUSTOMER ASSISTANCE REFERRAL AND EVALUATION SERVICES (CARES)

Program Description

The CARES program is designed to provide assessment and referral services for customers who may be experiencing an inability to pay their gas bills and/or have special needs such as a serious medical condition, a mental health condition, limited learning ability, recent unemployment, single parent issues, etc. The program also includes Protection from Abuse Orders as outlined in 66 PA CSA, Chapter 14 and the Address Confidentiality Program (ACP).

Findings and Recommendations from the Independent Evaluation

1. Benefits – CARES provides important benefits to special needs customers, including education about the Earned Income Tax Credit and LIHEAP, thermostats for visually-impaired customers and short-term assistance to ensure that customers are able to access the resources that they are referred to.
2. Employee Education – Peoples has levered CARES to educate employees about special needs customers, increase the sensitivity of their employees and increase customer referrals.

Modifications Since last Plan

The company will make efforts to partner with the electric company to provide services to vulnerable customers within the residence. The services will include obtaining documentation for Universal Service eligibility such as CAP, LIHEAP, and Dollar Energy Fund and will also provide resources within the customers' community and also promote the company programs.

Eligibility Criteria

Any special needs customer in danger of losing heat due to non-payment or heating equipment failure is referred to CARES. Customers are identified through referrals from call center agents, Dollar Energy Fund agents and field employees of Peoples. Income guidelines for the LIHEAP and Crisis programs are established by the Pennsylvania Department of Human Services and may change annually. LIHEAP eligibility is currently established at 150% of the federal poverty level.

The CARES program is intended for customers with immediate needs. Specialists provide an assessment to assure customers not only receive all necessary referrals to other programs, but are unable to access resources. The primary objective is to help customers resolve issues related to

and beyond bill payment and energy affordability by utilizing case management and referral services.

Customer Relations Specialists utilize an array of resources throughout the service territory such as: available energy assistance resources, public assistance benefits, local social agencies services etc. Specialists also provide training on programs and sensitivity training to customer service center personnel, field customer service personnel, in addition to providing Universal Service program awareness to social service staff. They also network with community-based organizations and the Universal Service Advisory Group to better enable customers to receive services and possible third-party assistance and funding.

Some of the agencies are as follows:

- Health and Welfare Councils
- Department of Aging
- Allegheny County Community Services Advisory Council
- Health Department
- Pennsylvania Department of Human Services
- Social Service Agency Providers Council
- Cambria County Energy Crisis Council
- Local social agencies such as Catholic Charities and Saint Vincent de Paul Society in the area.
- Beaver County Human Service Forum
- Veterans Leadership
- Allies for Health and Wellbeing- Housing Program
- Latino Family Center

Specialists also participate in awareness programs and fairs sponsored by social service agencies and elected officials to increase visibility and awareness. They also actively network in the community through partnerships with:

- Be Utility Wise
- Air Conditioning Contractors of Western Pennsylvania (ACCWPA) Furnace Inspection program
- Homeless Prevention & Rapid Re-Housing Program
- Southwestern PA 2-1-1
- Beaver County Human Service Forum
- YWCA of Greater Pittsburgh advisory committee

Customer Relations Specialists work with area social service agencies throughout the service territory to provide third party assistance for our customers. As a result, eligible customers might receive financial assistance from third party social service agencies such as Catholic Charities, Salvation Army, St. Vincent de Paul Society, Veterans Leadership in addition to traditional energy assistance etc.

Peoples will also work through a social agencies and electric utilities partnership to provide home visits for those customers with special needs who might benefit from a more personal interaction.

The CARES program has two components:

- One-time contact - includes those customers who might need an immediate referral to resolve an urgent crisis or a short-term situation.
- Case Management – includes a case work approach and ongoing monitoring and follow-up services. Qualifying accounts are coded CARES and require the specialist to monitor the account. Customers with PFA orders and participants of the ACP are part of the case management component.

Field Reporting of CARES Cases

The CARES program also includes the referrals from field employees who identify customers in vulnerable situations and refers those customers for help from our Customer Relations department. A direct employee only phone number is used to connect the field employees to the Customer Relations department on an immediate basis during normal working hours. Recognizing that our field employees respond to emergencies 24 hours/7 days a week and may identify a vulnerable customer issue in the evening or on the weekend, the Company utilizes and ‘on call’ program which ensures one of the senior Customer Relations Specialists is available via cell phone to provide assistance.

The Company utilizes the CARES program as a way to educate employees to be sensitive to those with special needs and also to recognize certain danger signals such as change in behavior, evidence of confusion or lack of apprehension, or disability in addition to company available programs.

Thermostats & Alternative Bills for Visually Impaired Customers

Thermostats for vision impaired customers are available for those who have been medically Identified as a patient with severe vision impairment. Peoples provides and installs these devices through its CARES program. Customers can also request large print bills or Braille bills depending upon their needs. The company partners with the Western PA School for the Blind Children to prepare Braille bills.

Earned Income Tax Credit Educational Outreach

Peoples promotes the Earned Income Tax Credit Program (“EITC”) to educate customers on the availability of the EITC and how to obtain the credit through the filing of their income taxes. Customers will be informed about the program through bill inserts, Peoples’ website and through referrals from our call agents and Customer Relations specialists.

Low Income Home Energy Assistance Program Outreach

The Low-Income Home Energy Assistance Program or LIHEAP is an important component of CARES. Peoples identifies income eligible customers and promotes the program through bill inserts, company website, grassroots agencies, company employees and letters sent to CAP participants. Customers can obtain an application by contacting the Company via its call center or can be connected to the online application through the Company’s website.

Peoples continues to partner with state, federal and other advocacy groups to encourage full funding for LIHEAP and actively participates in the LIHEAP Action Committee.

Needs Assessment

The number of CARES referrals received in a given year varies, but a historical review of the program reflects that assistance is provided to an estimated 1,621 customers per year. In addition to these CARES cases, outreach is provided to low-income customers to increase participation in energy assistance programs and EITC.

Program Budget

	Peoples Natural Gas
2019	\$313,708
2020	\$322,568
2021	\$331,696
2022	\$341,647
2023	\$351,896
2024	\$362,453
Total	\$2,023,968

Total estimated funding amounts for the CARES program including salaries for Customer Relations Specialists, Director, contract labor, professional development; administrative expenses and outreach efforts and materials.

Plans to Use Community Based Organizations

The CARES Program is administered internally through the specialists who network with social service agencies throughout the Peoples' eighteen county service territories to develop partnerships, stay informed of the available programs and to better serve low income customer needs.

Organizational Structure of Staff responsible for CARES

See Organizational Chart, page 4.

Outreach and Intake Efforts for CARES

Peoples Customer Relations specialists promote the Universal Service Programs by maintaining contact with community service organizations throughout the company's service territory. The company also promotes the programs through focused articles in bill inserts, providing information on its website, providing materials to local social service agencies and distributing materials through its Peoples Universal Service Advisory Group.

Please refer to Attachment E for a programs booklet that provides information about all of the Universal Service programs available to Peoples' customers. This booklet is distributed at local outreach events and to agencies that work with low income consumers.

Identification and Referral of Low-Income Customers

Refer to the Identification and Referral of Low-Income Customer information provided in the Customer Assistance Program section.

Program Integration

See Integration Methods as outlined under the Customer Assistance Program.

PEOPLES NATURAL GAS AND PEOPLES GAS Company LLC HARDSHIP FUNDS

Program Description

The Peoples Natural Gas Company LLC Hardship Fund is a partnership with the Dollar Energy Fund. Dollar Energy Fund was founded in 1983 and currently partners with thirteen utilities in Pennsylvania. Dollar Energy Fund is an independent, non-profit organization that provides utility bill financial assistance to customers who are on a low or fixed income. Dollar Energy Fund receives donations from utility investors and individual customers. Peoples contributes shareholder funds annually to match customer donations and to cover administrative costs. Annually, \$750,000 is donated for Peoples Natural Gas customers and \$65,000 for Peoples Gas Company LLC. These shareholder donations provide funding for grants and cover all administrative costs.

Findings and Recommendations from Independent Evaluation

1. DEF Partnership – Peoples has developed a good partnership with DEF to deliver Hardship Fund grants.
2. Customer Communication – DEF continues to work to improve the process for the customer. They are working to enhance their phone system to enable customers to use text messaging in place of speaking with a representative. This would help lower income customers whose cell phone plan includes only a certain amount of calling, but have unlimited texting.

Eligibility

As a fund of last resort, if gas service is off or in termination status and the applicants are eligible for LIHEAP and Crisis benefits, they must apply for these benefits, when available, before applying for Dollar Energy Fund. The Dollar Energy Fund Program year is open from October 1st to September 30th, and grants are provided until available funds are exhausted. During the months of October and November, applications are restricted to those with termination notices or without gas service. Beginning December 1 through the month of February, applications are restricted to those without gas service. Beginning March 1, applications are fully open to all qualified customers, regardless of service status. Applicants must be the ratepayer of record and the account must be a single-family dwelling. Customers must be at or below 200% of the poverty level to qualify for a grant. In addition, the customer must have made a sincere effort of payment, which is defined as having paid at least \$150 toward their utility bill over a ninety-day time period. Applicants under the age of sixty-two must have a balance of at least \$100 on their account to be eligible to apply. Applicants over sixty-two years of age may have a balance less than \$100, but cannot have an existing credit to be eligible to apply and must have made at least one \$100 payment in the last six months. CAP participants are deemed as having made a sincere effort to pay if their payments in the last 90 days are equal or greater than two CAP payments if such amount is less than the generally required \$150 or \$100 dependent on the customer's age. The applicant's account must be a residential heating account. All income eligible applications are reviewed by the Company for approval. Grants may be rejected if the maximum grant

amount will not satisfy the termination or restoration amount. Notification is provided to applicants whose application is denied, noting any additional payment that is required to be considered for assistance. Applications may be reconsidered if the required additional payment is made and funds continue to be available. Non-heat accounts and commercial accounts are not eligible for assistance from the Dollar Energy Fund.

Needs Assessment

Participation in the Hardship Fund is impacted by customer donations. A historical review of both divisions was used to estimate the number of customers who will receive assistance from the Hardship Fund.

Enrollment Levels

During the 2017-2018 program year, Peoples customers, including those of the former Equitable Gas Company, received a total of \$1,177,000 in grants. This includes the matching grant from Dollar Energy Fund.

Program Budget

The Company continues to explore ways to increase customer donations to assist in meeting the matching funds as well as to encourage Dollar Energy Fund to increase its fundraising programs. The below budget is reflective of the amounts provided by Peoples shareholders in support of the Hardship Grants and does not include administrative donations nor customer donations.

	Peoples Natural Gas
2019	\$588,500
2020	\$688,500
2021	\$688,500
2022	\$688,500
2023	\$688,500
2024	\$688,500
Total	\$4,031,000

Budget increases in 2020 and subsequent years are the result of the approval of the acquisition of the Peoples Companies, approved by the PA PUC in January of 2020. This settlement provided an increase of \$100,000 in Hardship Funding per year.

On September 12, 2024, the Commission issued an Order at Docket R-2023-3044549 regarding Peoples requested base rate increase. Included in the Order was the approval of a Low-Income Stipulation reached with multiple parties to the case. This Stipulation increased the annual

Company donation to the hardship fund by \$150,000 each year until Peoples files its next USECP.

Community Based Organizations

Dollar Energy Fund partners with community-based organizations to accept applications. Peoples' customers may be referred to any Dollar Energy Fund community-based screening agency to complete an application. Dollar Energy Fund developed an on-line application process entitled "I-Partner" which enables the Company to review grant applications more quickly. Peoples plans to continue to use Dollar Energy Fund Community Based Organizations as a means for customers to apply for Dollar Energy Fund grants. These agencies work closely with the Company and refer eligible customers to CAP, LIURP and CARES as well. The Company will continue to explore ways to streamline the application process for its customers.

Organizational Structure of Staff responsible for Hardship Funds

See Organizational Chart, page 4.

Outreach Efforts

Peoples promotes Dollar Energy Fund and encourages customer donations in a number of ways including:

- Providing information about the program in bill inserts new customer welcome packet, press releases, and bill messaging to encourage customers to contribute to the Dollar Energy Fund by adding a dollar or more to their utility payment.
- A Dollar Energy Fund Pledge form is provided on the back of the bill to allow customers to designate a particular donation amount to be added to their bills on a monthly basis.
- Dollar Energy Fund is promoted on the Company's website and is available for customers who elect to receive their bills electronically.
- Sponsorship of the Dollar Energy Fund FAN Golf Outing Classic and Annual Luncheon. Cold Down for Warmth activities included an advertisement to encourage donations.
- Promotional activities with Lernerville Speedway including radio interviews, advertisements and special recognition during the races.
- Sponsorship of promotional events at the Altoona Curve, Minor League Baseball Team.
- Development of a signature event in partnership with Hearth and Home entitled the Warm Your Hearth...Touch a Heart Campaign featuring television advertisements, annual reception, and silent auction and matching donations from Hearth and Home.
- Peoples' employee support is encouraged through donations that are made on "Casual Fridays."
- Pittsburgh Pirates "Bring on the Heat" campaign where Peoples pledges a donation to Dollar Energy Fund for each strikeout.

Customers referred to the Universal Service Programs are screened for Dollar Energy Fund eligibility and referred to the program. Training is conducted for Customer Service Supervisors and representatives so that they can make referrals to eligible customers.

Identification of Eligible Customers

See information outlined under Customer Assistance Program.

Integration of Programs

See Integration Methods as outlined under the Customer Assistance Program.



March 3, 2026

VIA ELECTRONIC FILING

Matt Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street – 2nd Floor
Harrisburg, PA 17120

Re: Peoples Natural Gas Company LLC – Customer Education and Outreach Plan Report
Docket Nos: M-2018-3003177; M-2020-3021343

Dear Secretary Homsher:

On behalf of Peoples Natural Gas Company LLC (“Peoples”), please accept for filing Peoples’ Customer Education and Outreach Plan (“CEOP”) for 2026, along with a report on outreach activities for calendar year 2025.

Peoples continues to work closely with its Universal Service Advisory Group (“USAG”) on the development and refinement of its CEOP. The 2026 focus areas include the scheduling of events in partnership with groups across Peoples’ service territory in Pittsburgh, evaluating the benefit of events that Peoples attends, identifying new events in which to participate and a general promotion of programs through various community groups.

Please contact Rita Black (412-208-6530) or the undersigned should you have any questions or require further information regarding this filing.

Sincerely,

Jennifer L. Petrisek
Sr. Counsel

cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of § 1.54 (relating to service by a party).

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Darryl Lawrence, Consumer Advocate
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Jennifer L. Petrisek
Sr. Counsel

Dated this 3rd day of March, 2026.

EXHIBIT A

Peoples Natural Gas and Peoples Gas Consumer Education and Outreach Plan

Peoples Natural Gas and Peoples Gas Consumer Education and Outreach Plan

Purpose: To provide a multi-pronged approach to consumer education with the goal of connecting eligible populations, for whom CAP is the most beneficial plan, to enrollment. In addition to CAP, promotion of other universal service programs, such as LIURP and Hardship Fund, along with external resources, such as LIHEAP, will be emphasized in appropriate activities.

General Audience Education & Outreach Activities

Activity	Frequency
Annual focused bill inserts	Bill inserts detailing customer support programs 3-4 times per year
Website program information	Available 24/7
Social Media Advertisements and Posts	Multi-season messaging; aligning with colder weather; opening of energy assistance programs, etc.
Community education	Posters/flyers provided to schools, churches, agencies, etc. regarding LIHEAP and CAP. Transit and other paid media advertising promoting LIHEAP and CAP occur throughout the heating season. Conservation tips information was also provided at events.

Target Audience Education & Outreach Activities

Activity	Details
Incoming callers screened for eligibility	Application for service; bill payment discussions; termination/restoration calls; PFA calls; emergency repair & LIURP screening calls and PUC cases.
Help at Peoples Now (HAPN Program)	Field employees utilize a dedicated phone line to refer customers for assistance with CAP and energy assistance to avoid termination or accelerate restoration.
Plain English Notice (prior to Termination)	Mailed via US mail to accounts identified as low income (FPL <=150% FPL) prior to mailing the termination notice.
Hardship Grant applications at Dollar Energy Fund agencies	Benefits of CAP described; customers can be enrolled in CAP after grant posting.
LIHEAP recipient identification	<u>Current:</u> List generated weekly of LIHEAP grants received on accounts that are not currently enrolled in CAP is used for targeted outreach. Customer service representatives

	<p>also directed to send referrals of callers in this category to Universal Services team for CAP enrollment follow-up.</p> <p><u>Proposed:</u> Peoples has a current Petition under review with the PA PUC regarding utilizing LIHEAP data share information to auto-enroll accounts with balances of \$300 into CAP¹.</p>
Community Events	Provide representatives and materials to local events: senior fairs, resource fairs, etc.
Western PA Utility Partnership Activities	Joint promotion of programs through coordinated outreach. Peoples and other western PA utilities partner together through in-person multi-utility resource events, sending referrals between companies, and a utility support flyer created with the Greater Pittsburgh Food Bank.
Supporting At-Risk Populations	Coordination with resettlement agencies to support enrollment in CAP at the time of initiation of service for refugees and immigrants. Peoples continues to develop this model to include organizations helping those transitioning from homeless to housed.
Employee Outreach	Provide materials for employees to distribute in their communities (schools, libraries, etc.). Information shared each heating season on Peoples' intranet and electronic bulletin boards in all Peoples' locations to encourage employees to share information with their communities. Emails to all employees about LIHEAP and CAP to promote awareness.
LIURP Outreach	LIURP outreach, mailings, and phone calls were conducted to potentially eligible customers based on company customer records. All LIURP participants are additionally screened for CAP & LIHEAP. LIHEAP applications are mailed annually to LIURP participants. Post-weatherization inspectors provide CAP & LIHEAP flyer as part of their inspection and visit to further educate participants.

¹ See Dockets P-2024-3052324; M-2018-3003177; M-2020-3021343

Cross-enrollment opportunities	All customers participating in Universal Service programs (LIURP, Emergency Repair Program, CARES) are screened for CAP and LIHEAP. Likewise, CAP participants are screened for LIURP eligibility.
Peoples Energy Analytics partnership	Continued partnership with Peoples Energy Analytics (PEA) to conduct data analysis of customers with limited income for potential targeted CAP outreach. This year, PEA has expanded data collection into the full Peoples service area. This data analysis provides two deliverables: targeted at risk accounts to specific outreach and heat maps to inform target locations for outreach event participation.

Annual Training/Community Education Opportunities

Association	Training/Support
Project Destiny (Pittsburgh's north side)	Multi-pronged support including regular training for field workers who visit customer homes; case management assistance to enroll customers in CAP, resolve terminations, etc.; participation in bi-monthly resource meetings; providing a CAP/LIHEAP application support service at free tax clinics offered by the organization.
BeUtilityWise (Allegheny County & Johnstown)	Annual participation in planning, program development and presentations to attendees regarding CAP.
Allegheny County Area Agency on Aging Community Partner Meetings (PA Link)	Quarterly meetings with Area Agency on Aging Staff and other community partners to share resources
Refugee, Immigrant, & Diverse Populations Support	Ongoing support to refugee and immigrant agencies such as Hello Neighbor, Jewish Family & Community Services, Latino Community Center, & Casa San Jose. Direct contacts with agency representatives to ease start of service, account issues, & CAP enrollment. Staff also participates in Allegheny County Immigrant & International Advisory Council (IIAC) meetings.
Greater Pittsburgh Food Bank Partnership	Distribution of CAP/LIHEAP information in food boxes; LIURP and CAP/LIHEAP outreach at

	food distribution sites. 2025 also included a large-scale flyer distribution along with Thanksgiving meal boxes at Light of Life.
Beaver Human Services Forum	Participate in monthly resource meetings and promote programs within network.
State Legislator Events	Provide presentations and one-on-one assistance, distribute materials, etc.
Resource Fairs & Agency 'Office Hours'	Held throughout the service territory, Peoples staff answer questions, distribute information, and assist with applying for LIHEAP & CAP. 2025 'Office Hours' event locations included North Hills Community Outreach and South Hills Interfaith Movement food pantries, Rainbow Kitchen, Lighthouse Foundation, and Clairton multi-utility resource events in partnership with Mon Valley Initiative.
Train the Trainer events	Offer training to additional local agencies, community partners.
Outreach mailings	Targeting school districts with a high percentage of low income students; local churches; family support centers, social service organizations, food pantries, etc.

Special Needs/Limited English Proficiency/Protection From Abuse

- Outreach materials (posters/handouts) are currently prepared in both English and Spanish translations. As other languages from resettled communities increase the need for materials in other languages, Peoples will work with its partners to provide translated materials.
- Language Line used for LEP customers.
- Visually impaired customers may elect to receive large-print bills. Braille bills are offered and prepared by Vision Resources of Central PA.
- LIHEAP applications in Arabic, Cambodian, Haitian Creole, Nepali, Russian, Simplified Chinese, Spanish and Vietnamese are available to Peoples' customers.
- All PFA customers screened for CAP and LIHEAP.
- Support to vulnerable customers provided by CARES representatives when customers are having difficulty understanding and/or completing steps to enroll in CAP and apply for LIHEAP.
- Help at Peoples Now – Field employees provided with education and dedicated phone line to reach customer program staff to help customers that need CAP or other income eligible programs. Field employees also carry business cards to be given to customers to encourage them to call for assistance.

CAP Enrollment Methods

Method	Availability
Via telephone (most commonly used method)	Monday through Friday from 8 a.m. to 4:30 p.m.; customers that must provide income documentation can submit those via email, fax, or US mail.
Dollar Energy Fund Screening Agency	Applications by appointment with local agency.
Self-service online application	Applications available at https://www.hardshiptools.org/MyApp/
Paper Application	Available through Peoples' CARES team.

Ease of Enrollment Efforts

- No income documentation required if customer has recently received LIHEAP and/or participated in LIHEAP data sharing.
- Customers who receive Hardship Grants that do not cover their entire balance are enrolled into CAP for remaining balance.
- Income submitted to other utility programs managed by CAP administrator (Dollar Energy Fund) can be used, with customer's authorization, to avoid multiple submissions.
- Applicants to Duquesne Light's CAP can provide their permission for DLC to share their data with Peoples to enroll in CAP.
- LIHEAP applicants can opt in for data sharing with Peoples for CAP enrollment. There is potential in the future for auto-enrollment in CAP for LIHEAP recipients*

2025 Lessons Learned

Activity	
Animal Friends Low-Cost Vaccine clinics	Peoples was invited to attend low-cost vaccine clinics hosted by Animal Friends. The events in Sharpsburg and Wilkinsburg had strong attendance and great engagement from customers regarding CAP and other programs. The event's layout and flow contributed significantly to the success of these efforts.
Senior Fairs/Expos	Several senior fairs were attended in 2025. The engagement varied by community – some events were highly productive while others yielded limited interaction with the target population.
School district events	Peoples attended several events hosted by school districts and Children & Youth Services,

	including a large-scale Back to School gathering in Beaver County and Duquesne City School District's annual showcase event. The hope is that these will strengthen partnerships with families in the community as well as school personnel.
New partnerships and events	New collaborations were established with VA Pittsburgh Healthcare Primary Care staff to share information and provide better insight for exchanging referrals. Also engaged with two St. Vincent de Paul groups to inform members of programs that would be available to the families they serve.
Homebuyer resource events	Attended two Homebuyer Resource Fairs to educate new and prospective homeowners about utility assistance programs. However, most attendees exceeded program income eligibility limits, making these events less effective for outreach.

2026 Outreach Focus Areas

Activity	
Agency 'Office Hours'	Continue to organize and hold 'office hours' events and LIHEAP clinics at community sites. Events offer customers opportunities to ask questions about their accounts, provide documents for CAP recertification, etc.
Targeted geographical areas	With the expansion of the PEA partnership throughout the territory, plan to target specific zip codes for outreach as identified by PEA data analysis through both email communications and in-person events.
Medical providers	Expand connections with medical providers, particularly social workers and other support staff at area hospitals and doctors' offices
PA Navigate	Leverage the PA Navigate platform to share program information with customers and community organizations. Establish functionality to receive referrals directly through the system.
Community Relationship Building	Continue to identify and connect with social workers, agency members, church leaders, and others to promote programs. In particular,

	identify and connect with additional St. Vincent de Paul chapters throughout the territory.
Income below 50% FPL emphasis	Continue to strengthen partnerships with resettlement organizations (Jewish Family & Community Services; Hello Neighbor; Bethany Christian Services, etc.). Further develop relationships with transitional housing providers such as Light of Life and domestic violence agencies
Partnering with western PA utilities	Working with electric, gas and water utilities in the western PA area to identify and develop multi-utility outreach opportunities. 'Office Hours' events including multiple utilities have been successful and plans are in place to organize more
Monthly CEOP internal meetings	Evaluate events attended for benefit; identify new events/contacts; continuous improvement of CEOP.

EXHIBIT B

Peoples Natural Gas 2025-2026 CAP Campaign Overview

Peoples Natural Gas 2025-26 CAP Campaign Overview

February 2026

Campaign Overview

During the 2025-26 heating season, Peoples Natural Gas executed a comprehensive, multi-channel outreach and education campaign designed to increase awareness of key programs, enhance customer engagement, and strengthen community relationships across the service territory. Recognizing that customers engage with information through various touchpoints and channels, the campaign integrated digital advertising, traditional media, direct customer communications, and community outreach to ensure consistent messaging and maximum reach.

This integrated approach focused on:

- Educating customers about assistance programs and available resources
- Driving enrollment in customer assistance programs
- Building community trust through transparent, accessible communication
- Leveraging multiple communication channels to meet customers where they are and reinforce key messages

Purpose of this document: To provide a summary of the advertising and outreach activities executed by Vault Communications on behalf of Peoples Natural Gas in calendar year 2025 and into calendar year 2026. The campaign employed a multi-channel approach with the goal of connecting eligible customers to CAP enrollment, while also promoting awareness of other assistance programs including LIURP, LIHEAP, the Dollar Energy Fund, and Emergency Repair Program resources.

An overview of advertising tactics, customer engagement channels, and marketing materials developed is included in the sections below:




[General Audience Education & Outreach Activities](#)

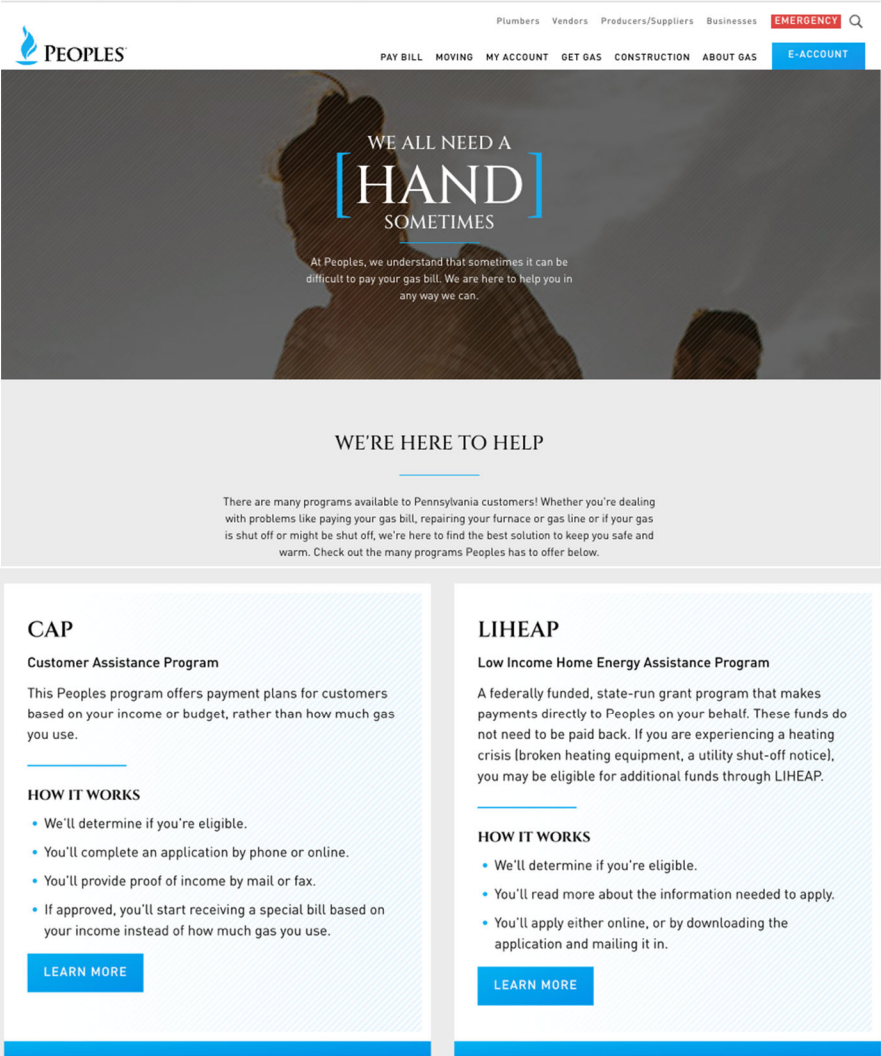
[Customer Email Communications](#)

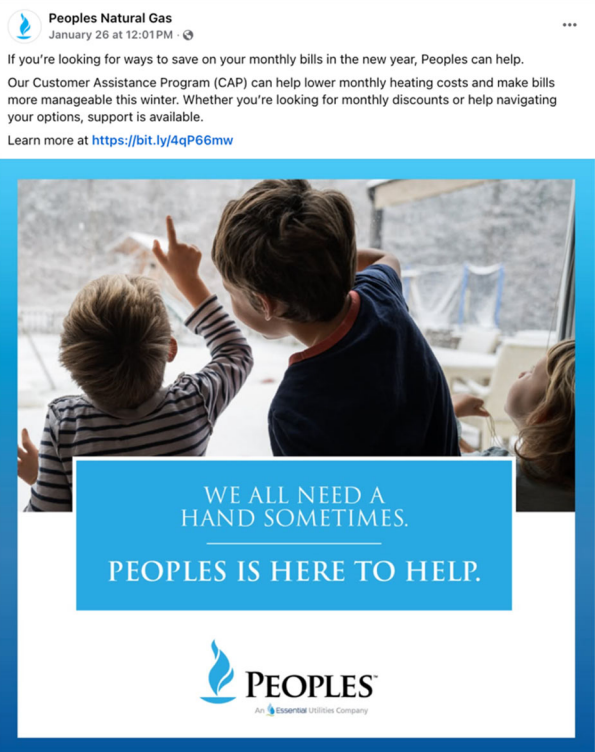

[Marketing Materials & Collateral Developed](#)

[Key Results](#)

General Audience Education & Outreach Activities

Activity	Details																														
Bill Inserts	<p>Designed seasonal bill inserts distributed to Peoples customers via monthly billing statements. Inserts promoted CAP, LIHEAP, and Dollar Energy Fund grants with clear eligibility information, enrollment steps, and contact resources.</p> <p><i>Example: December 2025 Bill Insert</i></p> <div data-bbox="329 615 883 1745" style="border: 1px solid black; padding: 10px;">  <p style="text-align: center;">PEOPLESVIEW</p> <p style="text-align: center;">Winter Safety Tips DECEMBER 2025</p> <p style="text-align: center;"> www.peoples-gas.com</p> </div> <div data-bbox="906 615 1382 1415" style="border: 1px solid blue; padding: 10px; margin-top: 10px;">  <p style="text-align: center;">CAP & LIHEAP</p> <p>Peoples Customer Assistance Program (CAP) is an affordable monthly payment plan, based on income, for customers who meet income guidelines. The Low Income Home Energy Assistance Program (LIHEAP) is a federally funded assistance program used to help customers with their home heating needs.</p> <p style="text-align: center;">2025-2026 INCOME GUIDELINES</p> <p style="text-align: center;">150% Federal Poverty Level Homeowners and Renters May Qualify When:</p> <table border="1" data-bbox="951 1024 1338 1339"> <thead> <tr> <th>HOUSEHOLD SIZE*</th> <th>GROSS MONTHLY INCOME</th> <th>GROSS ANNUAL INCOME</th> </tr> </thead> <tbody> <tr><td>1</td><td>\$1,956</td><td>\$23,475</td></tr> <tr><td>2</td><td>\$2,644</td><td>\$31,725</td></tr> <tr><td>3</td><td>\$3,331</td><td>\$39,975</td></tr> <tr><td>4</td><td>\$4,019</td><td>\$48,225</td></tr> <tr><td>5</td><td>\$4,706</td><td>\$56,475</td></tr> <tr><td>6</td><td>\$5,394</td><td>\$64,725</td></tr> <tr><td>7</td><td>\$6,081</td><td>\$72,975</td></tr> <tr><td>8</td><td>\$6,769</td><td>\$81,225</td></tr> <tr> <td>For each additional person add</td> <td>\$688</td> <td>\$8,250</td> </tr> </tbody> </table> <p style="text-align: center;">*All members of household regardless of age</p> </div> <div data-bbox="938 1457 1354 1724" style="margin-top: 10px;"> <p>Peoples Emergency Repair Program</p> <p>Peoples provides Emergency Heating System and Line Repair assistance to homeowners facing an emergency situation. Customers with limited incomes may be eligible for the repair or replacement of their heating system and/or gas lines under Peoples' program. Homeowners and renters may qualify.</p> <p>To learn more about this program, visit www.peoples-gas.com/help</p>  </div>	HOUSEHOLD SIZE*	GROSS MONTHLY INCOME	GROSS ANNUAL INCOME	1	\$1,956	\$23,475	2	\$2,644	\$31,725	3	\$3,331	\$39,975	4	\$4,019	\$48,225	5	\$4,706	\$56,475	6	\$5,394	\$64,725	7	\$6,081	\$72,975	8	\$6,769	\$81,225	For each additional person add	\$688	\$8,250
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8	\$6,769	\$81,225																													
For each additional person add	\$688	\$8,250																													

Activity	Details
<p>Website Program Information</p>	<p>Redesigned Peoples-gas.com/help homepage to streamline customer experience and journey to learn more and apply. Digital advertising directed customers to these resources, available 24/7, to self-screen for CAP, LIHEAP, LIURP, and the Dollar Energy Fund.</p> <p>Example: peoples-gas.com/help</p> 
<p>Paid & Organic Social Media Advertising</p>	<p>Targeted paid social media campaigns executed across Meta (Facebook & Instagram), Nextdoor, and YouTube. Multi-season creative aligned with colder weather, LIHEAP program opening windows, CAP enrollment periods, and assistance messaging. Geotargeted to reach income-eligible customers across Peoples' service territory.</p> <p>Examples: YouTube Videos – 6 seconds, 15 seconds, 30 seconds (linked)</p>

Activity	Details
	<p>Examples: Organic Social Posts</p> <div data-bbox="337 279 927 1026"></div> <p>Examples: Paid Digital Advertising</p> <div data-bbox="337 1142 1013 1749"></div>
Display & Search Advertising	Digital banner ads placed on local news sites and relevant online platforms through content syndication campaigns. Google Ads campaigns targeting key

Activity	Details
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Examples: Billboards & Static Boards


	<p>NEED HELP WITH YOUR GAS BILL?</p> <p>PEOPLES IS HERE TO HELP.</p> <p>Apply for assistance today at PEOPLES-GAS.COM/HELP or call 1-800-400-WARM (9276)</p>		
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	<p>DO YOU NEED HELP WITH YOUR GAS BILL IN ALLEGHENY COUNTY?</p> <p>PEOPLES CAN HELP.</p> <p>Apply today at PEOPLES-GAS.COM/HELP or call 1-800-400-WARM (9276)</p> 
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	<p>NEED HELP WITH YOUR GAS BILL IN WESTMORELAND COUNTY?</p> <p>PEOPLES CAN HELP.</p> <p>Call 1-800-400-WARM (9276)</p> 
---	---


Examples: Bus Kings, Tails & Shelters

Activity	Details
	   
<p>Earned & Traditional</p>	<p>Press release distribution, op-ed placements, and media pitching to secure editorial coverage in local and regional publications. Targeted direct mail to specific customer segments with program enrollment information. Broadcast outreach including radio and television coverage supporting LIHEAP and CAP awareness.</p> <p>Examples: Earned Media & Op-eds</p>





Activity	Details
	<p><u><i>President Mike Huwar’s TribLive Letter to the Editor:</i></u></p> <p>LETTERS (WESTMORELAND)</p> <p>Letter to the editor: Help available to pay gas bills</p> <p><u><i>Guide to Good Health 2026 Ad:</i></u></p>  <p><u><i>90.5 WESA: Dollar Energy Fund opens for winter season with \$500 grants for heating aid</i></u></p> <p><u><i>Tribune-Review: Pennsylvania residents can now apply for LIHEAP heating aid after delay</i></u></p> <p><u><i>Beaver County Radio: Get Ready for Winter: Peoples Encourages Customers to Apply for Up to \$500 Heating Assistance Grants through Dollar Energy Fund</i></u></p> <p><u><i>TribLive [Opinion]: Destenie Nock: Help is out there for those struggling with heating costs</i></u></p>

Customer Email Communications

Emails covering energy savings tips, bill management resources, and program FAQs to educate and engage customers throughout the year. Designed to reduce barriers to program awareness and self-service enrollment.

Campaign Type	Details
<p>Program Enrollment Outreach</p>	<p>Targeted email campaigns promoting assistance program enrollment. Messaging included eligibility overviews, enrollment steps, and direct links to peoples-gas.com program pages.</p> <p>Example – December 2025 LIHEAP Opening Email:</p>  <p>LIHEAP Grants Available Now!</p> <p>Help with winter's higher heating bills is now available. The Low Income Home Energy Assistance Program (LIHEAP) opens for the season on December 3.</p> <p>This federally funded grant can cover up to \$1,000 in heating bills, applied directly to your Peoples account. You do not need to repay this assistance.</p> <p>LIHEAP funding is limited, and grants are awarded on a first-come, first-served basis. Don't delay – find out if you're eligible and apply today!</p> <p>Apply for LIHEAP Today</p>

Marketing Materials & Collateral Developed

Material Type	Description & Example																																	
<p>Flyers</p>	<p>Program information sheets, safety guides, and educational handouts distributed at community events, resource fairs, agency office hours, and partner locations across the service territory. Available in English and Spanish.</p> <p>Example: CAP Flyers</p>  <p>El programa de Asistencia al Cliente de Peoples (CAP) y el programa de Asistencia de Energía para Hogares de Bajos Ingresos (LIHEAP) pueden ayudarte a mantener la casa cálida y sin preocupaciones.</p> <p>BENEFICIOS DE LOS PROGRAMAS:</p> <ul style="list-style-type: none"> → CAP: Plan de pago basado en tus ingresos o presupuesto, no en tu consumo de gas. → LIHEAP: es una asistencia federal que ayuda a pagar las facturas de calefacción y no requiere devolución. La asistencia financiera se aplica a tu cuenta. <p>¿QUIENES PUEDEN APLICAR? Clientes con ingresos iguales o inferiores a los siguientes límites pueden ser elegibles.</p> <table border="1" data-bbox="456 1213 1187 1486"> <thead> <tr> <th colspan="3">2026 LÍMITES DE INGRESOS</th> </tr> <tr> <th>TAMAÑO DEL GRUPO FAMILIAR</th> <th>INGRESOS MENSUALES ANTES DE DEDUCCIONES</th> <th>INGRESOS ANUALES ANTES DE DEDUCCIONES</th> </tr> </thead> <tbody> <tr><td>1</td><td>\$1,995</td><td>\$23,940</td></tr> <tr><td>2</td><td>\$2,705</td><td>\$32,460</td></tr> <tr><td>3</td><td>\$3,415</td><td>\$40,980</td></tr> <tr><td>4</td><td>\$4,125</td><td>\$49,500</td></tr> <tr><td>5</td><td>\$4,835</td><td>\$58,020</td></tr> <tr><td>6</td><td>\$5,545</td><td>\$66,540</td></tr> <tr><td>7</td><td>\$6,255</td><td>\$75,060</td></tr> <tr><td>8</td><td>\$6,965</td><td>\$83,580</td></tr> <tr><td>Por cada persona adicional, añade:</td><td>\$710</td><td>\$8,520</td></tr> </tbody> </table> <p>  Obtén más información y solicita hoy en Peoples-Gas.com/help  Llame al: 1-800-400-WARM (9276)  </p>	2026 LÍMITES DE INGRESOS			TAMAÑO DEL GRUPO FAMILIAR	INGRESOS MENSUALES ANTES DE DEDUCCIONES	INGRESOS ANUALES ANTES DE DEDUCCIONES	1	\$1,995	\$23,940	2	\$2,705	\$32,460	3	\$3,415	\$40,980	4	\$4,125	\$49,500	5	\$4,835	\$58,020	6	\$5,545	\$66,540	7	\$6,255	\$75,060	8	\$6,965	\$83,580	Por cada persona adicional, añade:	\$710	\$8,520
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<p>Bill Inserts & Postcards</p>	<p>Print-ready bill insert designs distributed to Peoples customers via monthly billing statements. Seasonal versions developed for fall and winter heating assistance timelines, including expanded sections for November and December mailings.</p> <p>Example: DEF Grants & Emergency Repair Postcard Front & Back</p>																																	

Material Type **Description & Example**

2026 INCOME GUIDELINES		
FAMILY SIZE	GROSS MONTHLY INCOME	GROSS ANNUAL INCOME
1	\$2,660	\$31,920
2	\$3,607	\$43,284
3	\$4,553	\$54,636
4	\$5,500	\$66,000
5	\$6,447	\$77,364
6	\$7,393	\$88,716
7	\$8,340	\$100,080
8	\$9,287	\$111,444
For each additional person, add:	\$947	\$11,364

Example: CAP Postcard Front & Back

Posters & Tear-Off Pads

Quick-reference cards and tear-off pads featuring program contact information, enrollment steps, and the Peoples-Gas.com/help URL. Distributed at community events and via community partners throughout our service territory.

Example: Poster with Tear-Off

Material Type **Description & Example**

PEOPLES
An American Energy Company

Every now and then, life throws you a curveball.

Peoples is Here to Help Make Your Monthly Bills More Affordable

LOOKING FOR HELP WITH YOUR MONTHLY GAS BILL?

If you're struggling to make ends meet, or need support with your natural gas bills, Peoples has options. Income-eligible customers in need may qualify for Peoples' Customer Assistance Program (CAP), Emergency Repair Program, Dollar Energy Fund (DEF) grants, and the Low Income Home Energy Assistance Program (LIHEAP).

Assistance is available to qualified households. Check the income chart below to see if you qualify.

HOUSEHOLD SIZE*	LIHEAP/CAP/USAGE REDUCTION		DOLLAR ENERGY FUND/ EMERGENCY REPAIR	
	GROSS MONTHLY INCOME	GROSS ANNUAL INCOME	GROSS MONTHLY INCOME	GROSS ANNUAL INCOME
1	\$1,995	\$23,940	\$2,660	\$31,920
2	\$2,705	\$32,460	\$3,607	\$43,284
3	\$3,415	\$40,980	\$4,553	\$54,636
4	\$4,125	\$49,500	\$5,500	\$66,000
5	\$4,835	\$58,020	\$6,447	\$77,364
6	\$5,545	\$66,540	\$7,393	\$88,716
7	\$6,255	\$75,060	\$8,340	\$100,080
8	\$6,965	\$83,580	\$9,287	\$111,444
For each additional person, add	\$710	\$8,520	\$947	\$11,364

*All members of household regardless of age

- Peoples CAP** ▶ This Peoples program offers payment plans for customers based on your income or budget, rather than how much gas you use.
- LIHEAP** ▶ A federally funded, state-run grant program that makes payments directly to Peoples on your behalf. If you are experiencing a heating crisis (broken heating equipment, a utility shut-off notice), you may be eligible for additional funds through LIHEAP.
- Emergency Repair Program** ▶ This Peoples program covers the full cost of repairs or replacements of heating systems and gas lines for customers who meet income guidelines.
- DEF Grants** ▶ Peoples customers can access grants of up to \$500 through DEF, available on a first-come, first-served basis while funding is available.

Key Results

The following preliminary metrics reflect campaign performance across all channels from October 1, 2025 – February 19, 2026.

Channel	Metric & Result
Paid Digital Advertising	4.8M Total impressions across digital platforms 194K Total reach & conversions across digital platforms 192.8K Total clicks across digital platforms
Customer Engagement	9.5% Average email open rate average (<i>CAP emails only</i>) 156.6K Website visits to peoples-gas.com/help
Earned & Traditional Media	27 Earned media news stories, articles, broadcast clips, and op-eds 4.3M Estimated impressions through earned media coverage 7.3M Estimated impressions from OOH, billboards, and bus shelter & transit advertising

Peoples Natural Gas Exhibit RFB-2

Organization/Event	Type (In person, Web, Radio, Phone)	Program (i.e. CAP LIHEAP, LIURP, Weatherization)	Outreach Material Taken	Audience (i.e. customers, social service agencies)	Number of Participants	Area (Where is event located)?	Multiple utilities present?	Comments
Project Destiny Jewish Family & Community Services, Hello Neighbor, & Bethany Christian Services	Web			Social service providers	40-50	North Side	Yes	
Beaver County Human Services Forum	Web/phone In person			Refugee customers Social service providers	10-20	Beaver County		
Allegheny County Immigrant & International Advisory Council (IIAC)	Web	All	Program materials shared as requested	Refugee & immigrant-supporting agencies	30	Online		
Colombia In Pittsburgh Call Center Rep Training	In person meeting with organization President In person	All All	Assistance programs - Spanish version materials Peoples Programs booklets	Organization members New call center reps		8 North Shore/Internal		Met with Maria Consualo Afanador - President
Customer Assistance Programs Video Shoot	Video	All	N/A		N/A			Video shoot with communications & Yajagoff podcast covering Peoples programs
LIHEAP Sign-Up Day	In person	LIHEAP	LIHEAP apps	Customers		12 Linmar Terrace - Aliquippa		
City of PGH Dept. of Public Safety	In person meeting	All	LIHEAP/CAP/LIURP/ERF	Community members		25 North Side		
VA Pittsburgh Healthcare Primary Care Social Work Team	Virtual/Teams	All		VA Healthcare Social Workers Over 15 Agencies dealing with Immigrant and international community		9 Virtual meeting		Presented on Peoples assistance programs to VA social work team from 3 VA campuses
Allegheny Immigrant & International Advisory council (IIAC)	Quarterly meeting	All	Outreach materials via email			28 Virtual meeting		1 of 4 2025 meetings
Peoples Field Tech Training	In person	All	Peoples Programs booklets	New Peoples field techs		8 Peoples Service area		
Area Agency on Aging Resource Fair	In person	All	LIHEAP apps, LIHEAP/CAP flyers, LIURP flyers	Community agencies/customers		Commonwealth Charter 70 Academy - Homestead	Yes	
ROSS Partners Meeting	In person	All	LIHEAP apps, LIHEAP/CAP flyers	Community agencies		30 Linmar Terrace - Aliquippa	Yes	Quarterly meeting of Beaver County area community partners - hosted at various Housing Authority of Beaver County locations
Rainbow Kitchen Monthly Resource Event	In person	CAP, DEF, LIURP	CAP cards, LIURP flyers, conservation tips	Customers		45 Rainbow Kitchen - Homestead		
Duquesne School District Dukes Showcase	In person							
Animal Friends Low Cost Vaccine Clinic	In person	CAP, LIURP	SWSM cards, LIURP flyers, business cards	Customers		200 Kennedy Park - Sharpsburg	Yes	Shared table with Duquesne Light
DA Stephen Zappala Senior Justice & Wellness Expo	In person	CAP, LIURP	SWSM cards, LIURP flyers, safety flyers	Customers - seniors		250 Acrisure Stadium	Yes	
'Office Hours' at NHCO Food Pantry	In person	CAP, LIURP, DEF	SWSM cards, LIURP flyers, business cards	Customers		50 NHCO - Allison Park		
Tabling at Lighthouse Foundation Food Pantry	In person	CAP, LIURP, DEF	SWSM cards, LIURP flyers, business cards	Customers		Lighthouse Foundation - 40 Butler		
Animal Friends Low Cost Vaccine Clinic	In person	CAP, LIURP	SWSM cards, LIURP flyers, business cards	Customers		260 Wilkinsburg	Yes	
'Office Hours' at NHCO Food Pantry	In person	CAP, LIURP, DEF	SWSM cards, LIURP flyers, business cards	Customers		55 NHCO - Millvale		
Home Resource Fair with NeighborWorks & Operation Better Block	In person	CAP, LIURP	CAP cards, LIURP flyers, conservation tips	Customers		10 Homewood YMCA	Yes	

Peoples Natural Gas Exhibit RFB-2

Organization/Event	Type (In person, Web, Radio, Phone)	Program (i.e. CAP LIHEAP, LIURP, Weatherization)	Outreach Material Taken	Audience (i.e. customers, social service agencies)	Number of Participants	Area (Where is event located)?	Multiple utilities present?	Comments
Beaver County CYS Summerfest	In person	CAP, LIURP	CAP cards, LIURP flyers, conservation tips	Customers - families with school children	2500	M7 Sports - Aliquippa	Yes	
Speak at Beaver County St. Vincent de Paul Meeting	In person	All	Business cards, CAP cards	St. Vincent de Paul members	30	St. John the Baptist - Monaca		Meeting of all Beaver County St. Vincent de Paul chapters
Peoples Field Tech Training	In person	All	Peoples Programs booklets	New Peoples field techs	4	Peoples Service area		
'Office Hours' at SHIM Family Center Food Pantry	In person	CAP	CAP cards	Customers	80	West Mifflin		
Representative Andrew Kuzma & Senator Nick Pisciotano Senior Expo	In person	CAP, LIURP	CAP cards, safety tips, conservation tips, LIURP flyers	Customers (seniors)	250	Boston/Elizabeth area Homestead - wider service area throughout Allegheny	Yes	
Speak at Lifespan	In person	All	Peoples Programs booklets	Staff of Lifespan	30	County	Yes	
Be Utility Wise Pittsburgh	In person	All	N/A	Community agency providers	200	Allegheny County	Yes	
Clairton Utility Assistance Pop-Up Event	In person	CAP, LIURP	CAP cards	Customers	6	Clairton Municipal Building	Yes	
Speak at Homewood Senior Center	In person	All	Peoples Programs booklets	Customers - seniors	40	Homewood Senior Center	Yes	
Senator Langerholc Senior Expo	In person	All	CAP cards, SWSM cards, safety tips	Customers - seniors	200?	Penn Highlands Community College - Johnstown		
Speak at SeniorLine Staff Meeting	In person	All	Peoples Programs booklets	SeniorLine staff	15	Area Agency on Aging/Allegheny County	Yes	Utilities each presented on programs (DLC, Columbia, PAWC, PWSA)
Clairton Utility Assistance Pop-Up Event	In person	All		Customers		Clairton Municipal Building	Yes	
PA Dept. of Community & Economic Development	Virtual Meeting	ERP			110+	Virtual meeting	No	Presentation to audience about ERP services and how to refer customers
Mission of Mercy Pittsburgh	In person	All	LIHEAP and CAP outreach					
Veterans Leadership Program - Stand Down Pittsburgh 2025	In person	All	LIHEAP and CAP outreach	Veterans		Braddock /Allegheny Co.		
Area Agency on Aging Collaborative Partners Meeting	In person	All	N/A - took list of contacts and mailed info later	Community agency partners	35	Allegheny County	Yes	Participated in utility panel to give program info
Be Utility Wise Johnstown	In person	All	LIHEAP/CAP flyers - CAP cards	Community agency partners	100	Johnstown	Yes	
Senator Williams & Rep Kinkead Senior Resource Fair	In person	CAP/LIHEAP	LIHEAP/CAP flyers - CAP cards	Seniors	200	Ross/West View	Yes	
PULP/Summit Legal Aid & Community Action of Cambria County Utility Assistance Event	In person	All	LIHEAP/CAP flyers - CAP cards	Customers	7	Johnstown	Yes	
Representative Lindsay Powell Open Doors Resource Fair	In person	CAP/LIHEAP	LIHEAP/CAP flyers - CAP cards	Customers	70	Lawrenceville	Yes	
Rep. Anita Kulik AARP Monthly Meeting	In person	CAP/LIHEAP/ERP	LIHEAP/CAP flyers	Customers	50	Corapolis	Yes	
Brief presentation - Project Destiny Quarterly Meeting	Virtual	LIHEAP	N/A - virtual	Community agency partners	60	Allegheny County	Yes	Presented on LIHEAP updates to group - answered a few requests for outreach materials after the meeting

Organization/Event	Type (In person, Web, Radio, Phone)	Program (i.e. CAP LIHEAP, LIURP, Weatherization)	Outreach Material Taken	Audience (i.e. customers, social service agencies)	Number of Participants	Area (Where is event located)?	Multiple utilities present?	Comments
Rainbow Kitchen Monthly Resource Event	In Person	All	LIHEAP/CAP flyers, CAP cards, ERP/DEF cards	Customers	25	Homestead	Yes	
Light of Life Thanksgiving Meal Packing	In person	CAP	Multi-utility flyers	Customers	2800 flyers	Allegheny County	Yes	2800 flyers included in Thanksgiving meal boxes
Steel Valley Holiday Parade	In person	All	LIHEAP applications, LIHEAP/CAP flyers	Customers	100	Homestead		
Present at Beaver County Human Services Forum	In person	All		Social service agencies		Beaver County	Yes	

Materials Distributed

Agency	Area
Aliquippa School District	Aliquippa
Center for Community Action	Blair/Cambria/Indiana counties
Mission of Mercy Green Building Alliance Innovation Expo	Allegheny Allegheny
Lifespan Allegheny County Area Agency on Aging	Allegheny County - various Allegheny County
Penn Hills Senior Center	Penn Hills
Allegheny County Treasurers Office	Allegheny County
Chartiers Center	Bridgeville
VFW - Natrona Heights	Natrona Heights
VFW - Brackenridge	Brackenridge
American Legion - Lyndora	Lyndora
Concordia Visiting Nurses	Allegheny County
Rep. Lindsay Powell's Office	Lawrenceville area
Presbyterian Senior Care	Allegheny County
Financial Empowerment Center	Allegheny County
Altoona Area School District	Altoona
Duquesne City School District	Duquesne City

Jewish Family & Community Services	Allegheny County
Buhl Foundation/One Northside	Northside - To be shared on social media/website
Aliquippa School District	Aliquippa
Neighborhood Academy	East Liberty
Allegheny Valley School District	Allegheny Valley - to be included in newsletter to families receiving gov't assistance - about 200 families
Animal Friends	Allegheny County - to be placed at pet food pantry
The New Academy Charter School	Arlington - will be placed in information corner at school
PNG employee/Delivering to Stewart Avenue Church & Food Pantry	Carrick/Brentwood
PNG Employee/south Side area	
PNG Employee/Sharing with Hugh Lane Wellness	

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PEOPLES NATURAL GAS COMPANY
LLC

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Docket No. R-2026-3060855

**PREPARED DIRECT TESTIMONY OF
RUDOLPH HANECHAK
FINANCIAL ANALYSIS & BUDGET MANAGER
PEOPLES NATURAL GAS COMPANY LLC**

DATE SERVED: March 27, 2026

Peoples Statement No. 11

DATE ADMITTED: _____

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Rudolph Hanechak. My business address is 375 North Shore Drive, Pittsburgh,
3 PA 15212.

4
5 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

6 A. I am employed by PNG Companies LLC (“PNG Companies”) as Financial Analysis and
7 Budget Manager. PNG Companies provides various administrative functions for Peoples
8 Natural Gas Company LLC (“Peoples” or the “Company”) including Budgeting.

9
10 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL AND EDUCATIONAL
11 BACKGROUND.**

12 A. I received a Bachelor’s of Science in Accounting from Duquesne University in 1998 and a
13 Masters in Organizational Leadership from Geneva College in 2005. Since graduation I
14 have held positions in Accounting and Finance in various organizations. Most recently I
15 was with ERIKS North America, an Industrial Distribution company for 10 years where I
16 was the Director of Financial Planning and Analysis. I began working at PNG Companies
17 in February 2023 as the Financial Analysis and Budget Manager.

18
19 **Q. PLEASE SUMMARIZE THE SCOPE OF YOUR TESTIMONY.**

20 A. My testimony supports and sponsors information related to non-income taxes.

21

22 **Q. ARE YOU SPONSORING ANY EXHIBITS AS PART OF YOUR TESTIMONY?**

1 A. Please refer to Appendix A to this testimony for a list of exhibits and filing requirements
2 that I am sponsoring.

3

4 **Q. WHAT NON-INCOME TAXES ARE INCLUDED IN DETERMINING THE**
5 **COMPANY’S REVENUE REQUIREMENT?**

6 A. There are five such items (see **Peoples Exhibit No. 6, Schedule No. 2**). They are:

- 7 • PUC Assessment;
- 8 • Payroll taxes (FICA and unemployment taxes);
- 9 • Property taxes (including Public Utility Realty Tax Act (“PURTA”));
- 10 • Sales and use tax; and
- 11 • Other miscellaneous taxes.

12

13 **Q. WHAT IS THE TOTAL AMOUNT OF NON-INCOME TAXES?**

14 A. The total amount of non-income tax expense for the fully projected future test period at
15 proposed rates is \$13.83 million, as shown in **Peoples Exhibit No. 6, Schedule No. 2**.

16

17 **Q. HOW WERE THE NON-INCOME TAX AMOUNTS DERIVED?**

18 A. The individual amounts of the projected levies were derived in different ways. In the case
19 of payroll and unemployment taxes, the tax expense for the Historical Test Year (“HTY”)
20 was divided by the labor expense in the current year to derive an experience factor. The
21 experience factor was then applied to the Fully Projected Future Test Year (“FPFTY”)
22 labor to derive the projected expense, as shown on **Peoples Exhibit No. 6, Schedule No.**
23 **2.**

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In the case of the PUC assessment, the FPFTY was adjusted from the HTY to reflect the most recent assessment by the PUC. This was then increased by the five-year weighted average increase in PUC assessments.

The HTY Property Tax costs were increased for the FPFTY using a three-year weighted average.

Sales and Use tax was kept at its historical level.

Q. IS THERE ANYTHING YOU WOULD LIKE TO SAY REGARDING SALES AND USE TAX?

A. Yes. The Company is making a proposal related to Sales & Use tax. Please refer to **Peoples Statement No. 2 - the Direct Testimony of Andrew P. Wachter** for further information.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes, it does.

Appendix A

Filing Requirements Sponsored by

Rudolph Hanechak

	<u>Exhibit/SDR</u>	<u>Filing Requirement</u>
1	Ex. 6, Sch. 1	53.53.III.E.35
2	Ex. 6, Sch. 2	53.53.III.A.50
3	Ex. 6, Sch. 3	53.53.III.A.48
4	Ex. 6, Sch. 4	53.53.III.A.49
5	Ex. 19, RR 48	VI.II.RR.48
6	Ex. 19, RR 49	VI.II.RR.49

**PREPARED DIRECT TESTIMONY OF
NICK TUFAROLO**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Nick Tufarolo. My business address is 375 North Shore Drive, Pittsburgh, PA
3 15212.

4
5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by PNG Companies LLC (“PNG Companies” or “PNG”) as the Manager
7 of Fixed Asset Accounting. I provide accounting services for Peoples Natural Gas
8 Company LLC (“Peoples” or the “Company”).

9
10 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK
11 EXPERIENCE.**

12 A. I received a Bachelors of Science in Business Administration Degree in Finance from
13 Robert Morris University in 2016. I was then employed as a fixed asset accountant by
14 Bayer US LLC until October 2020. I started employment with PNG Companies LLC in
15 January 2021 as a fixed asset accountant. I have been the Manager of Fixed Asset
16 Accounting since May 2023.

17
18 **Q. HAVE YOU TESTIFIED PREVIOUSLY IN ANY REGULATORY
19 PROCEEDING?**

20 A. No.

21

1 **Q. ARE YOU SPONSORING ANY FILING REQUIREMENTS OR OTHER**
2 **EXHIBITS?**

3 A. Yes, I am. Attached to this Direct Testimony as Appendix A is a complete list of the
4 exhibits for which I am the responsible witness.

5
6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

7 A. I am responsible for developing the value of the Company's rate base. In doing so, I have
8 prepared **Peoples Exhibit No. 8, Schedule No. 2**, which reflects the Measures of Value for
9 the Historic Test Year ("HTY"), the Future Test Year ("FTY") and the Fully Projected
10 Future Test Year ("FPFTY"), and **Peoples Natural Gas Exhibit No. NT-1**, which is a
11 workpaper showing the derivation of the FPFTY plant in service.

12

13

RATE BASE

14 **Q. WHAT DO YOU MEAN WHEN YOU SAY THAT PEOPLES EXHIBIT NO. 8,**
15 **SCHEDULE NO. 2 REFLECTS MEASURES OF VALUE FOR THE FULLY**
16 **PROJECTED FUTURE TEST YEAR OR FPFTY?**

17 A. In complying with the Pennsylvania Public Utility Commission's ("Commission") filing
18 requirements for a general rate case, Peoples has traditionally filed its base rate cases using
19 a HTY and FTY as set forth in section 53.53(b) of the Commission's regulations, 52 Pa.
20 Code § 53.53(b). The use of an FTY as support for a general rate increase is authorized by
21 Section 315 of the Public Utility Code, 66 Pa. C.S. § 315. With the enactment of Act 11 of
22 2012, effective April 12, 2012, Section 315 was amended to also permit use of a FPFTY
23 in rate cases. The FPFTY is defined as the 12-month period that begins with the first month

1 that the new rates will be placed into effect, after application of the full suspension period
2 permitted under Section 1308(d). Based on the filing date of this case, the FPFTY is the
3 12-month period beginning January 1, 2027 and ending December 31, 2027. Peoples has
4 elected to utilize an FPFTY in this case, which I refer to in this testimony as either the Fully
5 Projected Future Test Year or FPFTY. Consistent with this election, I have determined the
6 Company's rate base by projecting the facilities to be in service during the FPFTY.

7
8 **Q. PLEASE EXPLAIN HOW PEOPLES' FULLY PROJECTED FUTURE TEST**
9 **YEAR PLANT IN SERVICE WAS DEVELOPED.**

10 A. The FPFTY plant in service for Peoples was determined by taking the plant balance of
11 \$5,740,586,936 as of the end of the HTY (November 30, 2025) and then adding forecasted
12 plant additions and subtracting forecasted plant retirements through the end of the FPFTY
13 (December 31, 2027).

14
15 **Q. WHAT WAS YOUR NEXT STEP IN DETERMINING THE ORIGINAL COST OF**
16 **PLANT IN SERVICE AS OF DECEMBER 31, 2027?**

17 A. I determined the total plant additions from Peoples' 2026 and 2027 capital budgets, and
18 the amount of Construction Work in Progress ("CWIP") as of November 30, 2025 that will
19 close to plant in 2026 or 2027. These additions to plant are reflected in **Peoples Natural**
20 **Gas Exhibit No. NT-1**, columns 4, 7, and 10.

1 **Q. HOW DID YOU DETERMINE THE AMOUNT OF FORECASTED PLANT**
2 **ADDITIONS FROM THE 2026 AND 2027 CAPITAL BUDGETS THAT WILL**
3 **CLOSE TO PLANT IN THE FTY AND FPFTY?**

4 A. These amounts were determined by applying known closing criteria to the 2026 and 2027
5 capital budgets, taking into consideration the length of time it generally takes for the
6 completion and placement into service of construction projects that take longer than one
7 month to complete. For example, a transmission pipeline replacement project is estimated
8 to take five months to finish and be placed in service, whereas a distribution pipeline
9 replacement project is estimated to take two months for completion. These guidelines on
10 closing criteria were supplied by Peoples' Operations Department. Please note that certain
11 projects include information technology costs for business process reengineering, current
12 state assessment, preliminary software project stage activities, data conversion and
13 training.

14
15 **Q. HOW DID YOU DETERMINE THE AMOUNT OF CWIP AS OF NOVEMBER 30,**
16 **2025 THAT WILL CLOSE TO PLANT IN THE FTY AND FPFTY?**

17 A. I analyzed the list of projects with open CWIP balances and used the same closing criteria
18 that were applied to the 2026 and 2027 capital budgets.

19
20 **Q. HOW DID YOU FORECAST PLANT RETIREMENTS FOR THE FTY AND**
21 **FPFTY?**

22 A. Forecasted retirements are based on an adjusted four-year historical average of plant
23 retirements by FERC account, as well as scheduled retirements for certain assets, such as

1 intangible software, which are retired at the end of their useful lives, if applicable.
2 Forecasted retirements are reflected in **Peoples Natural Gas Exhibit No. NT-1**, columns
3 5, 8 and 11.

4
5 **Q. HAVE YOU INCLUDED ANY PLANT INVESTMENT AMOUNTS IN YOUR**
6 **RATE BASE PROJECTION THAT FALL OUTSIDE OF THE FPFTY?**

7 A. No.

8
9 **Q. PLEASE SUMMARIZE PEOPLES' ORIGINAL COST OF GAS PLANT IN**
10 **SERVICE AS OF DECEMBER 31, 2027.**

11 A. As reflected on **Peoples Natural Gas Exhibit No. NT-1**, column 12, the original cost of
12 gas plant in service as of December 31, 2027 is \$7,078,132,872. This amount is carried
13 forward to page 1 of **Peoples Exhibit No. 8, Schedule No. 2**.

14
15 **Q. HOW DID THE COMPANY DETERMINE THE ACCRUED DEPRECIATION**
16 **AND AMORTIZATION ASSOCIATED WITH GAS PLANT IN SERVICE AS OF**
17 **DECEMBER 31, 2027?**

18 A. The claim for Accrued Depreciation and Amortization was supplied by Mr. Spanos. As
19 explained in **Peoples Statement No. 16 – the Direct Testimony of John Spanos** in this
20 proceeding, the appropriate measure of accrued depreciation for use as the deduction from
21 the original cost in determining Peoples' rate base is Peoples' adjusted book depreciation
22 reserve as of December 31, 2027. Those amounts are shown on page 1 of **Peoples Exhibit**
23 **No. 8, Schedule No. 2**.

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Q. HAS THE COMPANY INCLUDED THE GOODWIN TOMBAUGH ASSETS APPROVED FOR TRANSFER FROM PNG GATHERING LLC TO PEOPLES IN RATE BASE?

A. Yes. Peoples’ rate base measures of value for the FTY and FPFTY include an addition to plant in service of \$2,096,063, based on the book original cost of the assets expected to transfer, as well as an addition to accrued depreciation and amortization of (\$225,187), based on the expected book depreciation reserve of the assets at the time of the transfer. Please refer to **Peoples Natural Gas Statement No. 2 – the Direct Testimony of Andrew P. Wachter** for further discussion.

Q. HAS THE COMPANY INCLUDED GAS STORED UNDERGROUND – NONCURRENT IN RATE BASE?

A. Yes. The cost of Gas Stored Underground – Noncurrent is \$51,833. Gas Stored Underground – Noncurrent includes a portion of “base” gas that Peoples maintains in its storage pools that is not withdrawn, but rather, is used to maintain sufficient pressure in the storage pools in order to operate in an efficient manner. The cost of this gas is accounted for in Account No. 117.

Q. HAS THE COMPANY INCLUDED GAS STORAGE UNDERGROUND – CURRENT IN RATE BASE?

1 A. Yes. The cost of Gas Stored Underground – Current is \$39,947,360 for the HTY and
2 \$50,819,643 for the FPFTY. Gas Stored Underground – Current is the gas that Peoples
3 injects and withdraws seasonally. The cost of this gas is accounted for in Account No. 164.

4
5 **Q. HOW DID YOU DETERMINE THE COST OF GAS STORED UNDERGROUND –**
6 **CURRENT FOR INCLUSION IN RATE BASE?**

7 A. To determine the HTY cost for Gas Stored Underground – Current, I used the HTY twelve-
8 month averages of the balances in Account 164. The FPFTY projection for Gas Stored
9 Underground – Current was developed by using projected storage activity and projected
10 Weighted Average Commodity Cost of Gas (“WACCOG”) inventory pricing.

11
12 **Q. HAS THE COMPANY INCLUDED MATERIALS AND SUPPLIES IN RATE**
13 **BASE?**

14 A. Yes. The cost of Materials and Supplies is \$6,179,262. The amount is based on the HTY
15 twelve-month averages of the balances in account 154.

16
17 **Q. HAS THE COMPANY INCLUDED PREPAYMENTS IN RATE BASE?**

18 A. Yes. The cost of Prepayments is \$5,055,085. The amount is based on the HTY twelve-
19 month averages of the balances in account 165, and it reflects prepayments primarily for
20 insurance and computer maintenance.

21
22 **Q. HAS THE COMPANY INCLUDED AN AMOUNT FOR CASH WORKING**
23 **CAPITAL IN RATE BASE?**

1 A. Yes. The FPFTY Cash Working Capital Requirement of \$47,681,867 was developed and
2 provided to me by Mr. Ribich, as explained in **Peoples Statement No. 14 – the Direct**
3 **Testimony of Anton Ribich.**

4
5 **Q. HAS THE COMPANY INCLUDED ANY OTHER ADJUSTMENTS INCLUDING**
6 **OFFSETS OR REDUCTIONS TO WORKING CAPITAL IN ITS RATE BASE**
7 **CLAIM?**

8 A. Yes. Offsets or deductions to working capital include Deferred Income Taxes, Customer
9 Advances, and Customer Deposits.

10

11 **Q. HOW DID YOU DETERMINE THE AMOUNT OF DEFERRED INCOME TAXES**
12 **AS OF DECEMBER 31, 2027?**

13 A. Ms. Jiang describes the derivation of Deferred Income Taxes in **Peoples Statement No. 7**
14 **– the Direct Testimony of Angela Jiang**, and she provided the amount to me for inclusion
15 in rate base.

16

17 **Q. WHAT ARE CUSTOMER ADVANCES, AND HOW DID YOU DETERMINE THE**
18 **LEVEL OF CUSTOMER ADVANCES AS OF DECEMBER 31, 2027?**

19 A. Customer Advances are amounts paid by customers in advance of receiving service from
20 the Company. The level of Customer Advances as of December 31, 2027 was projected
21 based on the HTY twelve-month averages of the balances in account 252.

22

1 **Q. WHAT ARE CUSTOMER DEPOSITS, AND HOW DID YOU DETERMINE THE**
2 **LEVEL OF CUSTOMER DEPOSITS AS OF DECEMBER 31, 2027?**

3 A. Customer Deposits are amounts paid by customers as security for the payment of bills. The
4 level of Customer Deposits as of December 31, 2027 was projected based on the HTY
5 twelve-month averages of the balances in account 235.

6

7 **Q. PLEASE SUMMARIZE PEOPLES' FPFTY RATE BASE CLAIM.**

8 A. Peoples' FPFTY rate base derives from a calculation that consists of four components: (1)
9 a determination of the original cost of gas plant in service; (2) a determination of the
10 accrued depreciation and amortization associated with that plant; (3) a determination of the
11 cost of other items of property includable in rate base; and (4) appropriate reductions to
12 working capital related to other sources of funds available to Peoples, such a deferred
13 income taxes, customer advances, and customer deposits. As shown on **Peoples Exhibit**
14 **No. 8, Schedule No. 2**, Peoples' FPFTY rate base is \$5,728,767,833.

15

16 **Q. DOES THIS COMPLETE YOUR PREPARED DIRECT TESTIMONY?**

17 A. Yes, it does. I reserve the right to submit additional testimony as issues arise during the
18 course of the proceeding. Thank you.

Filing Requirements Sponsored by Nick Tufarolo

<u>Volume</u>	<u>Filing Requirement</u>
Ex. 8, Sch. 1	53.52(c)(1)
Ex. 8, Sch. 2	53.53.I.A.2
Ex. 8, Sch. 3	53.52(c)(3)
Ex. 8, Sch. 9	53.53.I.A.12
Ex. 8, Sch. 10	53.53.I.A.13
Ex. 8, Sch. 11	53.53.I.A.14
Ex. 8, Sch. 12	53.53.I.A.15
Ex. 8, Sch. 13	53.53.I.A.16
Ex. 8, Sch. 14	53.53.I.A.18
Ex. 8, Sch. 15	53.53.II.A.21
Ex. 8, Sch. 16	53.53.III.A.14
Ex. 8, Sch. 18	53.53.III.A.16
Ex. 19, RR-14	
Ex. 19, RR-17	

Exhibits Sponsored by Nick Tufarolo

Peoples Natural Gas Exhibit No. NT-1

**Peoples Natural Gas Exhibit No. NT-1
1 of 3**

**Gas Plant Rollforward (101 & 106)
Peoples Natural Gas Company LLC**

Line No	Account No	HTY	FTY Activity		FTY	Stub Month		Stub	FPFTY Activity		FPFTY
		11/30/2025	Additions	Retirements	11/30/2026	Additions	Retirements	12/31/2026	Additions	Retirements	12/31/2027
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Intangible Plant											
1	3010-Organization	177,886	-	-	177,886	-	-	177,886	-	-	177,886
2	3020-Franchises and Consents	71,371	-	-	71,371	-	-	71,371	-	-	71,371
3	3030-Misc Intangible Plant	114,741,881	12,231,156	(9,997,568)	116,975,469	940,310	(4,556,663)	113,359,117	12,741,504	(11,037,232)	115,063,389
4	3031-Misc Intangible Plt-10%	1,666,256	-	-	1,666,256	-	-	1,666,256	-	-	1,666,256
5	Subtotal	116,657,394	12,231,156	(9,997,568)	118,890,982	940,310	(4,556,663)	115,274,630	12,741,504	(11,037,232)	116,978,902
Gas Production & Gathering Plant											
6	32511-Producing Lands-1.44%	138,965	-	-	138,965	-	-	138,965	-	-	138,965
7	3251-Producing Lands	475	-	-	475	-	-	475	-	-	475
8	32521-Producing Leaseholds (Group)	10,016	-	-	10,016	-	-	10,016	-	-	10,016
9	3252-Producing Leaseholds	4,465	-	-	4,465	-	-	4,465	-	-	4,465
10	3253-Gas Rights	20,984	-	-	20,984	-	-	20,984	-	-	20,984
11	3254-Rights of Way	2,051,366	80,697	-	2,132,063	8,070	-	2,140,133	96,836	-	2,236,969
12	3255-Other Land and Land Rights	47,095	-	-	47,095	-	-	47,095	-	-	47,095
13	3270-Field Comp Station-Land Impr	11,674,554	-	-	11,674,554	-	-	11,674,554	-	-	11,674,554
14	3271-Field Comp Station-Structures	634,288	-	-	634,288	-	-	634,288	-	-	634,288
15	3280-Field Meas & Regul Sta Struct	62,778	37,237	-	100,015	-	-	100,015	-	-	100,015
16	3290-Other Structures-Land Impr	1,926,214	-	-	1,926,214	-	-	1,926,214	-	-	1,926,214
17	3300-Producing Gas Wells-Well Const	9,214	-	-	9,214	-	-	9,214	-	-	9,214
18	3310-Producing Gas Wells-Well Equip	2,961	-	-	2,961	-	-	2,961	-	-	2,961
19	3320-Field Lines	81,350,164	7,160,717	(272,107)	88,238,774	1,063,764	(40,423)	89,262,115	28,452,101	(1,081,180)	116,633,036
20	3330-Field Compressor Station Equip	48,788,216	1,349,217	(1,543,899)	48,593,534	235,669	(18,323)	48,810,880	2,674,547	(207,946)	51,277,481
21	3340-Field Meas & Regul Sta Equip	3,490,666	146,250	(907)	3,636,010	22,771	(141)	3,658,640	297,275	(1,843)	3,954,072
22	3370-Other Equipment	66,192	-	(55,368)	10,824	-	(1,178)	9,646	-	-	9,646
23	Subtotal	150,278,613	8,774,118	(1,872,282)	157,180,450	1,330,274	(60,066)	158,450,658	31,520,759	(1,290,969)	188,680,448
Underground Storage Plant											
24	3501-Land-Underground Storage Plant	63,644	-	-	63,644	-	-	63,644	-	-	63,644
25	3502-Rights of Way-Undrgrnd Stor Plt	138,528	14,500	-	153,028	1,450	-	154,478	17,400	-	171,877
26	3510-Struct & Imprvmnt-USB-Land Imp	2,400,554	-	-	2,400,554	-	-	2,400,554	-	-	2,400,554
27	35201-Well Construction-USB	1,330,069	2,161,659	(86,466)	3,405,261	325,536	(13,021)	3,717,776	2,758,216	(110,329)	6,365,664
28	35202-Well Equipment-USB	707,346	1,149,595	(45,984)	1,810,957	173,124	(6,925)	1,977,156	1,466,851	(58,674)	3,385,332
29	35211-Storage Leaseholds-USB	161,937	-	-	161,937	-	-	161,937	-	-	161,937
30	35212-Storage Rights-USB	413,406	-	-	413,406	-	-	413,406	-	-	413,406
31	3522-Reservoirs-Underground Storage	433,139	-	-	433,139	-	-	433,139	-	-	433,139
32	3523-Nonrecoverable Natural Gas-USB	205,251	-	-	205,251	-	-	205,251	-	-	205,251
33	3530-Lines-Underground Storage Plt	3,688,379	-	-	3,688,379	-	-	3,688,379	-	-	3,688,379
34	3540-Compressor Stat Equip-USB-Eqp	15,921,351	2,166,891	(1,314,290)	16,773,952	15,422	(197)	16,789,177	175,020	(2,240)	16,961,957
35	3550-Meas & Regul Equip-Underground	1,591,237	1,111,401	(7,891)	2,694,747	36,527	(259)	2,731,015	476,857	(3,386)	3,204,486
36	3570-Other Equipment-Underground	30,184	-	-	30,184	-	-	30,184	-	-	30,184
37	Subtotal	27,085,024	6,604,045	(1,454,631)	32,234,438	552,060	(20,403)	32,766,094	4,894,343	(174,629)	37,485,809

Peoples Natural Gas Exhibit No. NT-1
2 of 3

Gas Plant Rollforward (101 & 106)
Peoples Natural Gas Company LLC

Line No	Account No	HTY	FTY Activity		FTY	Stub Month		Stub	FPFTY Activity		FPFTY
		11/30/2025	Additions	Retirements	11/30/2026	Additions	Retirements	12/31/2026	Additions	Retirements	12/31/2027
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Transmission Plant											
38	3651-Land and Land Rights-Trans	381,343	-	-	381,343	-	-	381,343	-	-	381,343
39	3652-Rights of Way-Transmission	7,129,175	431,285	-	7,560,460	43,128	-	7,603,588	517,542	-	8,121,130
40	3660-Structures & Impr-Trans M&R	1,729,040	-	-	1,729,040	-	-	1,729,040	-	-	1,729,040
41	3661-Structures & Impr-Trans Compr	2,163,705	-	-	2,163,705	-	-	2,163,705	-	-	2,163,705
42	3662-Structures & Impr-Trans Other	94,789	-	-	94,789	-	-	94,789	-	-	94,789
43	3670-Mains-Transmission Plant	319,649,867	9,753,100	(122,889)	329,280,077	1,060,000	(13,356)	330,326,721	9,862,191	(124,264)	340,064,649
44	3680-Compressor Station Equip-Trans	19,695,331	3,480,089	(337,644)	22,837,776	70,689	(905)	22,907,560	802,231	(10,269)	23,699,523
45	3690-Measuring & Regul Equip-Trans	46,159,736	2,468,822	(51,598)	48,576,960	376,206	(7,863)	48,945,303	4,911,282	(102,646)	53,753,939
46	3710-Other Equipment-Transmission	2,650,785	-	-	2,650,785	-	-	2,650,785	-	-	2,650,785
47	Subtotal	399,653,770	16,133,295	(512,131)	415,274,934	1,550,023	(22,124)	416,802,834	16,093,246	(237,178)	432,658,902
Distribution Plant											
48	3740-Land-Distribution Plant	1,061,018	-	-	1,061,018	-	-	1,061,018	-	-	1,061,018
49	3741-Land Right of Way-Distribution	11,761,725	908,023	-	12,669,748	90,802	-	12,760,550	1,089,627	-	13,850,177
50	3751-Structures & Impr-Dist M&R Gen	4,109,993	1,302,345	(187,147)	5,225,191	214,367	(30,804)	5,408,754	2,244,079	(322,474)	7,330,359
51	3752-Structures & Impr-Dist M&R Ind	1,168,928	-	-	1,168,928	-	-	1,168,928	-	-	1,168,928
52	3753-Structures & Impr-Dist Other	24,749,820	-	-	24,749,820	-	-	24,749,820	-	-	24,749,820
53	3761-Mains-Distribution-Low Press	1,827,171,621	253,338,245	(4,408,085)	2,076,101,781	20,830,255	(362,446)	2,096,569,590	270,868,833	(4,713,118)	2,362,725,305
54	3762-Mains-Distribution-Reg Press	1,614,677,492	202,211,917	(3,518,487)	1,813,370,922	14,265,107	(248,213)	1,827,387,816	177,660,806	(3,091,298)	2,001,957,324
55	3780-Meas & Regul Equip-Gen-Dist	126,432,635	33,821,921	(933,485)	159,321,071	2,575,462	(71,083)	161,825,451	33,622,094	(927,970)	194,519,575
56	3800-Services-Distribution Plant	923,796,287	96,334,689	(4,922,703)	1,015,208,274	7,725,879	(394,792)	1,022,539,361	104,267,676	(5,328,078)	1,121,478,959
57	3810-Meters-Distribution Plant	120,345,535	45,574,459	(14,996,622)	150,923,372	4,554,571	(1,498,716)	153,979,227	49,603,193	(16,322,307)	187,260,113
58	3811-Meters ERTs-Distribution Plant	46,543,756	-	(8,533,022)	38,010,734	-	(775,729)	37,235,005	-	(9,308,751)	27,926,254
59	3820-Meter Installations-Dist	77,746,128	-	(9,977,420)	67,768,708	-	(907,038)	66,861,670	-	(10,884,458)	55,977,212
60	3850-Indust Meas & Regul Sta Equip	13,385,526	29,951	(165)	13,415,312	-	-	13,415,312	-	-	13,415,312
61	3860-Other Prop on Customers' Prem	14,644,532	-	-	14,644,532	-	-	14,644,532	-	-	14,644,532
62	3870-Other Equipment-Distribution	16,485,526	-	-	16,485,526	-	-	16,485,526	-	(106,412)	16,379,114
63	Subtotal	4,824,080,524	633,521,550	(47,477,136)	5,410,124,938	50,256,444	(4,288,823)	5,456,092,560	639,356,309	(51,004,866)	6,044,444,002

Peoples Natural Gas Exhibit No. NT-1
3 of 3

Gas Plant Rollforward (101 & 106)
Peoples Natural Gas Company LLC

Line No	Account No	HTY	FTY Activity		FTY	Stub Month		Stub	FPFTY Activity		FPFTY
		11/30/2025	Additions	Retirements	11/30/2026	Additions	Retirements	12/31/2026	Additions	Retirements	12/31/2027
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
General Plant											
64	3890-Land-General Plant	424,152	4,241,743	-	4,665,894	-	-	4,665,894	-	-	4,665,894
65	3891-Land Rights-General Plant	52,996	-	-	52,996	-	-	52,996	-	-	52,996
66	3900-Structures & Impr-General Plt	51,741,445	7,257,416	(399,884)	58,598,978	1,020,516	(56,230)	59,563,264	14,836,143	(817,471)	73,581,936
67	3901-Structures & Impr-Gen-LeaseImp	8,764,253	804,358	(44,320)	9,524,291	192,235	(10,592)	9,705,934	2,783,209	(153,355)	12,335,788
68	3911-Office F&E-Furniture	2,788,316	6,594	(37,303)	2,757,607	-	(1,483)	2,756,123	-	(49,899)	2,706,224
69	3912-Office F&E-Computer Hardware	9,008,836	-	(3,042,683)	5,966,153	-	(272,641)	5,693,512	-	(4,019,707)	1,673,805
70	3913-Office F&E-Equipment	162,176	55,179	-	217,355	-	-	217,355	-	-	217,355
71	3921-Transportation Equip-Autos	-	-	-	-	-	-	-	-	-	-
72	3922-Transportation Equip-Trucks	77,584,465	11,405,375	(7,071,333)	81,918,507	904,313	(560,674)	82,262,146	11,040,142	(6,844,888)	86,457,400
73	3923-Transportation Equip-Trailers	6,150,942	2,368,882	(1,468,707)	7,051,117	115,345	(71,514)	7,094,948	1,408,172	(873,067)	7,630,054
74	3924-Transport Equip-Trucks HEAVY	2,220,494	-	-	2,220,494	-	-	2,220,494	-	-	2,220,494
75	3925-Transportation Equip-NGV Kits	-	-	-	-	-	-	-	-	-	-
76	3930-Stores Equipment-General Plant	457	-	-	457	-	-	457	-	-	457
77	3940-Tools, Shop, Garage Equip	7,178,858	2,018,012	(503,381)	8,693,489	134,936	(16,237)	8,812,189	846,364	(342,378)	9,316,175
78	3943-Tools, Shop, Garage Equip-NGV	717,190	-	-	717,190	-	-	717,190	-	-	717,190
79	3960-Power Operated Equipment-Gen	17,340,828	1,357,122	(841,416)	17,856,534	118,542	(73,496)	17,901,580	1,447,201	(897,265)	18,451,517
80	3970-Communication Equipment-Gen	19,674,407	2,799,571	(4,199,990)	18,273,989	244,009	(327,678)	18,190,319	2,928,110	(927,208)	20,191,222
81	3971-Communic Equip-Microwave Towe	16,949,829	176	-	16,950,005	-	-	16,950,005	-	-	16,950,005
82	3975-Communic Equip-Radios	2,017,081	2,740	(1,337,709)	682,113	-	(20,702)	661,411	-	-	661,411
83	3980-Miscellaneous Equipment-Gen	54,886	-	-	54,886	-	-	54,886	-	-	54,886
84	Subtotal	222,831,611	32,317,168	(18,946,724)	236,202,055	2,729,897	(1,411,249)	237,520,704	35,289,343	(14,925,237)	257,884,809
85	Total Gas Plant (101 & 106)	5,740,586,936	709,581,332	(80,260,472)	6,369,907,796	57,359,008	(10,359,326)	6,416,907,478	739,895,504	(78,670,110)	7,078,132,872

**PREPARED DIRECT TESTIMONY OF
KRISTA SNYDER**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Krista Snyder. My business address is 375 North Shore Drive, Pittsburgh, PA
3 15212.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by PNG Companies LLC (“PNG”) as a Financial Rates Analyst. I provide
7 rates and regulatory services for Peoples Natural Gas Company LLC (“Peoples” or the
8 “Company”).

9

10 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK
11 EXPERIENCE.**

12 A. I received my Master of Business Administration from Point Park University in 2019, and
13 a Bachelor of Science in Business Administration in Finance from West Virginia
14 University in 2014. After receiving my Bachelor’s degree, I was employed at The Bank of
15 New York Mellon as a Regulatory and Reporting Lead Analyst. In October 2022, I
16 accepted my current position as a Financial Rates Analyst in the Rates and Regulatory
17 Affairs Department.

18

19 **Q. HAVE YOU TESTIFIED PREVIOUSLY IN ANY REGULATORY
20 PROCEEDING?**

21 A. Yes. I have previously submitted testimony before the Pennsylvania Public Utility
22 Commission (“Commission”) in regulatory proceedings. I testified in Peoples 2023 Rate
23 Case Proceeding at Docket No. R-2023-3044549.

**PREPARED DIRECT TESTIMONY OF
KRISTA SNYDER**

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Q. ARE YOU SPONSORING ANY FILING REQUIREMENTS OR OTHER EXHIBITS?

A. Yes, I am. Attached to this Direct Testimony as Appendix A is a complete list of the exhibits for which I am the responsible witness.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I am responsible for explaining the various Retail and Gas Supply tariff provisions proposed by the Company in this proceeding.

Q. PLEASE DESCRIBE THE TARIFF CHANGES THAT THE COMPANY IS PROPOSING IN THIS CASE.

A. Peoples has two separate tariffs on file with the Commission. Peoples Retail Tariff, Gas – PA PUC No. 48 contains the rules and regulations, rate schedules and rates applicable to services for the end-use customers. Peoples Supplier Tariff, Gas - PA PUC No. S-4, contains the rules and regulations, rate schedules and rates applicable to services for natural gas suppliers (“NGSs”) that operate on the system. The Company is proposing minimal substantive revisions to both its Retail Tariff and Supplier Tariff. I note, however, that the Company is issuing new tariff numbers for both the Retail and Supplier Tariffs. The new Retail Tariff is Original Tariff Gas – PA PUC No. 49, and the new Supplier Tariff is Original Tariff Gas – PA PUC No. S-5.

Volume V (Exhibit 14, Schedule 1) of the rate filing provides complete versions of Peoples current tariffs and the proposed tariffs. **Peoples Natural Gas Exhibit No. KMS-**

**PREPARED DIRECT TESTIMONY OF
KRISTA SNYDER**

1 **1** provides the proposed red-lined retail tariff and **Peoples Natural Gas Exhibit No. KMS-**
2 **2** provides the proposed red-lined supplier tariff. Beginning on page 2 of each of the
3 proposed tariffs is a detailed list of all of the revisions, along with a brief description of
4 each.

5
6 **Q. PLEASE DESCRIBE SOME OF THE MORE SUBSTANTIVE CHANGES TO THE**
7 **TARIFFS.**

8 A. The only substantive changes to the Tariffs involve the proposed rate changes to the
9 Company’s various classes, which is referenced on page 2 of **Peoples Natural Gas Exhibit**
10 **No. KMS-1**. Otherwise, most of the changes involve clarification of verbiage, pagination
11 changes and other minor revisions. Some of the minor tariff revisions are as follows:

12
13 **Retail Tariff**

- 14 ▪ Connections for Service and Extension of Facilities (Rule 4) – The Company will install
15 one meter per customer service line except in the case where the design necessitates a
16 shared customer service line. These require a properly executed agreement, evidencing the
17 responsible parties. In addition, it is noted that a customer may not own a service line or
18 buried house line cross a public road, regardless if paved or maintained.
- 19 ▪ Nonliability of Company/Limitation of Liability (Rule 8) – Emphasizing the Customer is
20 solely responsible for property and to protect the premises from damages, regardless if it
21 is inhabited or vacant for any period of time.
- 22 ▪ Billing and Payment (Rule 10) – Regarding a dishonored payment, the Company reserves
23 the right to require a payment to prevent service termination or restore service if the

**PREPARED DIRECT TESTIMONY OF
KRISTA SNYDER**

1 Customer has failed to demonstrate good faith effort to make a payment within twelve
2 month period. The Company also has the right to remove customer from using eAccount
3 on online payment methods when abuse of the platforms is detected.

4 ■ Customer Assistance Program (CAP) – If a Customer is on the CAP Program, they may
5 not use natural gas for recreational purposes (pool heaters and/or hot tubs, recreational
6 appliances, outdoor appliances (gas grilles, fire pits/rings, fireplaces, gas lamps and other
7 cooking appliances) and heated outdoor buildings (shed, shop or garage)). They will be
8 removed and can re-enroll upon verification the connection is not being used for
9 recreational appliances. The Company may also determine if a CAP participant obtained
10 benefits through fraudulent means, benefits may be reversed and the customer will be
11 responsible for payment of those amounts.

12 ■ Weather Normalization Adjustment - The third formula listed on the tariff page needed to
13 be updated to state Weather Normalization Adjustment (“WNA”) equals Weather
14 Normalization Adjustment Mcfs (“WNAM”) instead of “WNAC” times the Distribution
15 Charge. Also, the Docket Number was updated to the current proceeding’s docket number
16 in regards to the heating degree days used to develop the revenue requirement.

17 ■ Mainline Service Rate – Added in language regarding the Right of First Refusal, stipulating
18 a time period in which the customer has to provide the competing offer to the Company
19 prior to terminating service with the Company as well as the time period in which the
20 Company will notify the Customer of their decision prior to termination date.

**PREPARED DIRECT TESTIMONY OF
KRISTA SNYDER**

1 **Q. DOES THIS COMPLETE YOUR PREPARED DIRECT TESTIMONY?**

2 A. Yes, it does. I reserve the right to submit additional testimony as issues arise during the
3 course of the proceeding. Thank you.

Filing Requirements Sponsored by Krista Snyder

<u>Volume</u>	<u>Filing Requirement</u>
Ex. 14, Sch. 1	53.53.IV.B.6
Ex. 14, Sch. 2	53.53.III.A.26

Exhibits Sponsored by Krista Snyder

Peoples Natural Gas Exhibit No. KMS-1
Peoples Natural Gas Exhibit No. KMS-2

Original Tariff GAS — PA PUC No. 49
Cancels and Supersedes Tariff Gas – PA PUC No. 48

PEOPLES NATURAL GAS COMPANY LLC

RATES AND RULES GOVERNING THE FURNISHING OF NATURAL GAS SERVICE TO RETAIL GAS CUSTOMERS

ISSUED: March 27, 2026

EFFECTIVE: May 26, 2026

BY: Michael Huwar
President
375 North Shore Drive
Pittsburgh, PA 15212

NOTICE

This tariff cancels and supersedes Tariff Gas – PA PUC No. 48. Upon approval of Tariff Gas – PA PUC No. 49, all Peoples Natural Gas Company LLC customers will be subject to the rates and rules set forth herein.

This tariff makes changes to existing rates.
(See page 2)

PEOPLES NATURAL GAS COMPANY LLC

GAS—PA PUC NO. 49
ORIGINAL PAGE NO. 2

LIST OF CHANGES

<u>Page</u>	<u>Page Description</u>	<u>Revision Description</u>
<u>2</u>	<u>List of Changes</u>	<u>List of Changes</u>
<u>3-4</u>	<u>Summary of Rates</u>	<u>Summary of prices for each rate schedule and rider updated</u>
<u>6</u>	<u>Definition of Terms</u>	<u>Updated Applicant and Customer descriptions</u>
<u>8</u>	<u>Classification of Customers</u>	<u>Updated Residential Customer section</u>
<u>10</u>	<u>Rates Available in Tariff</u>	<u>Added a description for Rate MLS</u>
<u>11</u>	<u>Description of Territory</u>	<u>Moved a city/borough to township</u>
<u>13</u>	<u>Description of Territory</u>	<u>Removed extra cities/boroughs</u>
<u>18</u>	<u>Rules and Regulations</u>	<u>Application for Service: Updated section to note Applicant or Customer as well as additional verbiage</u>
<u>19-20</u>	<u>Rules and Regulations</u>	<u>Rules for Deposit: Updated section to note Applicant or Customer as well as removed section B. 3</u>
<u>22</u>	<u>Rules and Regulations</u>	<u>Connection for Service: Updated section to note Applicate or Customer as well as additional verbiage</u>
<u>24</u>	<u>Rules and Regulations</u>	<u>Discontinuance and Termination of Service: Updated section to note Applicant or Customer as well as additional verbiage and updated turn-on fees.</u>
<u>25</u>	<u>Rules and Regulations</u>	<u>Nonliability of Company/Limitation of Liability: Updated first and second paragraph and added in new paragraph</u>
<u>26, 28</u>	<u>Rules and Regulations</u>	<u>Billing and Payment: Removed duplicate paragraph and added two paragraphs under Dishonored Payment section. Updated fee amount.</u>
<u>35</u>	<u>Rules and Regulations</u>	<u>Selection of NGS: Added bullet point e</u>
<u>38</u>	<u>Rules and Regulations</u>	<u>Rules Part of Contract: Added section under first paragraph as well as under Contact Information section</u>
<u>40</u>	<u>Rate RS – Residential Service</u>	<u>Customer and Delivery Charge updated</u>
<u>42-43</u>	<u>Customer Assistance Program</u>	<u>Added sentence under Rate Table section and added #9 and #10 under Rules and Regulations</u>
<u>45</u>	<u>Rate SGS - Small General Service</u>	<u>Customer and Delivery Charges updated</u>
<u>47</u>	<u>Rate MGS - Medium General Service</u>	<u>Customer and Delivery Charges updated</u>
<u>49</u>	<u>Rate LGS - Large General Service</u>	<u>Customer and Delivery Charges updated</u>
<u>55</u>	<u>Rate GS-T - General Service – Transportation</u>	<u>Customer Charges updated</u>
<u>56</u>	<u>Rate GS-T - General Service – Transportation</u>	<u>Delivery Charges updated</u>
<u>61-62</u>	<u>Rate MLS</u>	<u>Delivery Charges updated, removed DSIC language as it doesn't apply on pg. 62, updated eligibility and added language on Right for First Refusal</u>
<u>64</u>	<u>Application Gathering System</u>	<u>Gathering rate updated</u>
<u>75</u>	<u>Merchant Function Charge</u>	<u>Rates updated</u>
<u>76</u>	<u>Rider Universal Service</u>	<u>Removed the reference to Community Partnership for Weatherization and added reference to CARES. Updated bad debt offset percentage as well as threshold of CAP participants. Updated Annual Reconciliation timing.</u>
<u>78</u>	<u>Rider Tax Repairs Surcredit</u>	<u>Updated Amortization start date from Jan 2025 to Aug 2021</u>
<u>79</u>	<u>Rider WNA</u>	<u>Updated the typed out formula and updated Docket Number</u>
<u>81</u>	<u>Rider DSIC</u>	<u>Rate updated</u>

Formatted Table

ISSUED: March 27, 2026

EFFECTIVE: May 26, 2026

	Rider Purchased Gas Costs			Base Rate Charges (4)	Rider STAS (5)	Rider MFC (6)	Rider Supplier Choice (7)	Rider USR (8)	Rider GPC (9)	Rider DSIC Charge (10)	Rider TRS (11)	Peoples Natural Gas
	Capacity	GCA	Commodity									Customers
	(1)	(2)	(3)									Total Rate (12=SUM 1 to 11)
Residential Sales												
Customer Charge				\$ 26.00	0.00%		\$ 0.0036			0.00%	-\$ 0.6146%	\$ 25.9003
Capacity	\$ 1.8641					\$ 0.0360						\$ 1.9001
Price to Compare - PTC	\$ 0.3471	\$ 5.5107				\$ 0.1131		\$ 0.0984				\$ 6.0693
Delivery Charge			\$ 6.6359				\$ 0.0054		\$ -	\$ (0.0329)		\$ 6.6084
State Tax Surcharge				\$ -								\$ -
Total per MCF						\$ 0.1490						\$ 14.5778
Small General Service (SGS)												
Customer Charge				\$ 32.14		\$ 0.0036				\$ -	\$ (0.1352)	\$ 32.0084
0 to 499 MCF/Yr				\$ 64.28		\$ 0.0036				\$ -	\$ (0.2704)	\$ 64.0132
500 to 999 MCF/Yr												
1/ Capacity	\$ 0.8300											\$ 0.8300
Price to Compare - PTC	\$ 1.0341	\$ 0.3471	\$ 5.5107			\$ 0.0327		\$ 0.0984				\$ 7.0230
Delivery Charge			\$ 5.7095						\$ -	\$ (0.0245)		\$ 5.6850
State Tax Surcharge				\$ -								\$ -
Total per MCF	\$ 1.8641											\$ 13.5380
Medium General Service (MGS)												
Customer Charge				\$ 110.00						\$ -	\$ (0.6207)	\$ 109.3793
1,000 to 2,499 MCF/Yr				\$ 158.00						\$ -	\$ (0.8912)	\$ 157.1088
2,500 to 24,999 MCF/Yr												
1/ Capacity	\$ 0.8300											\$ 0.8300
Price to Compare - PTC	\$ 1.0341	\$ 0.3471	\$ 5.5107			\$ 0.0327		\$ 0.0984				\$ 7.0230
Delivery Charge			\$ 5.2072						\$ -	\$ (0.0227)		\$ 5.1845
State Tax Surcharge				\$ -								\$ -
Total per MCF	\$ 1.8641											\$ 13.0375
Large General Service (LGS)												
Customer Charge				\$ 987.00						\$ -	\$ (5.7772)	\$ 981.2228
25,000 to 49,999 MCF/Yr				\$ 1,538.00						\$ -	\$ (9.0039)	\$ 1,528.9961
50,000 to 99,999 MCF/Yr				\$ 2,237.00						\$ -	\$ (13.0910)	\$ 2,223.9090
100,000 to 199,999 MCF/Yr				\$ 5,912.00						\$ -	\$ (34.6020)	\$ 5,877.3980
Over 200,000 MCF/Yr												
1/ Capacity	\$ 0.1740											\$ 0.1740
Price to Compare - PTC	\$ 1.6901	\$ 0.3471	\$ 5.5107			\$ 0.0327		\$ 0.0984				\$ 7.6790
Delivery Charge			\$ 2.9451	\$ -					\$ -	\$ (0.0162)		\$ 2.9289
25,000 - 49,999 MCF/Yr			\$ 2.8512	\$ -					\$ -	\$ (0.0157)		\$ 2.8355
50,000 - 99,999 MCF/Yr			\$ 2.7189	\$ -					\$ -	\$ (0.0150)		\$ 2.7039
100,000 - 199,999 MCF/Yr			\$ 2.4509	\$ -					\$ -	\$ (0.0135)		\$ 2.4374
200,000 to 749,999 MCF/Yr			\$ 2.1336	\$ -					\$ -	\$ (0.0117)		\$ 2.1219
750,000 to 1,999,999 MCF/Yr			\$ 1.6123	\$ -					\$ -	\$ (0.0089)		\$ 1.6034
Over 2,000,000 MCF/Yr												
2/ Total per MCF	\$ 1.8641											\$ 10.7819
Mainline Service (MLS)												
Customer Charge				\$ 5,912.00							\$ (34.6020)	\$ 5,877.3980
Over 500,000 MCF/Yr												
1/ Capacity	\$ 0.1740											\$ 0.1740
Price to Compare - PTC	\$ 1.6901	\$ 0.3471	\$ 5.5107			\$ 0.0327		\$ 0.0984				\$ 7.6790
Delivery Charge			\$ 0.7470	\$ -					\$ -	\$ (0.0046)		\$ 0.7425
PNG transmission line			\$ 0.4446	\$ -					\$ -	\$ (0.0027)		\$ 0.4419
Interstate pipeline												\$ -
Total per MCF												\$ 8.5955

1/ The Price-to-Compare format as shown is applicable to a Non-Priority One customer; the Price-to-Compare Charge for a Priority One customer would not include the Capacity Charge. See the Residential - Sales section above as an example of Priority One.
 2/ The Total per MCF displayed for Retail LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.
 3/ In addition to the above listed rates the Weather Normalization Adjustment applies during October through May billing months.
 4/ The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.

	Base Rate Charges (1)	Rider STAS (2)	Rider MFC (3)	Rider USR (4)	Gas Costs Capacity (5)	Balancing Charge (6)	Rider Supplier Choice (7)	Rider DSIC Charge (8)	Rider TRS (9)	Peoples Natural Gas Customers Total Rate (10=SUM 1 to 9)
Rate GS-T Residential										
Customer Charge	\$ 26.0000	0.00%					\$ 0.0036	\$ -	\$ (0.1033)	\$ 25.9003
Capacity			\$ 0.0360		\$ 1.8641					\$ 1.9001
Delivery Charge	\$ 6.6359			\$ 0.0054			\$ -	\$ (0.0329)		\$ 6.6084
State Tax Surcharge		\$ -								\$ -
Total per MCF										\$ 8.5085
Rate GS-Transportation SGS										
Customer Charge										
0 to 499 MCF/Yr	\$ 32.1400						\$ 0.0036	\$ -	\$ (0.1352)	\$ 32.0084
500 to 999 MCF/Yr	\$ 64.2800						\$ 0.0036	\$ -	\$ (0.2704)	\$ 64.0132
1/ Capacity/BB&A					\$ 0.8300					\$ 0.8300
Delivery Charge	\$ 5.7095						\$ -	\$ (0.0245)		\$ 5.6850
State Tax Surcharge		\$ -								\$ -
Total per MCF										\$ 6.5150
Rate GS-Transportation MGS										
Customer Charge										
1,000 to 2,499 MCF/Yr	\$ 110.0000						\$ -	\$ (0.6207)		\$ 109.3793
2,500 to 24,999 MCF/Yr	\$ 158.0000						\$ -	\$ (0.8912)		\$ 157.1088
1/ Capacity/BB&A					\$ 0.8300					\$ 0.8300
Delivery Charge	\$ 5.2072						\$ -	\$ (0.0227)		\$ 5.1845
State Tax Surcharge		\$ -								\$ -
Total per MCF										\$ 6.0145
Rate GS-Transportation LGS										
Customer Charge										
25,000 to 49,999 MCF/Yr	\$ 987.0000						\$ -	\$ (5.7772)		\$ 981.2228
50,000 to 99,999 MCF/Yr	\$ 1,538.0000						\$ -	\$ (9.0039)		\$ 1,528.9961
100,000 to 199,999 MCF/Yr	\$ 2,237.0000						\$ -	\$ (13.0910)		\$ 2,223.9090
Over 200,000 MCF/Yr	\$ 5,912.0000						\$ -	\$ (34.6020)		\$ 5,877.3980
1/ Capacity/BB&A					\$ 0.1740					\$ 0.1740
Delivery Charge										
25,000 - 49,999 MCF/Yr	\$ 2.9451	\$ -					\$ -	\$ (0.0162)		\$ 2.9289
50,000 - 99,999 MCF/Yr	\$ 2.8512	\$ -					\$ -	\$ (0.0157)		\$ 2.8355
100,000 - 199,999 MCF/Yr	\$ 2.7189	\$ -					\$ -	\$ (0.0150)		\$ 2.7039
200,000 to 749,999 MCF/Yr	\$ 2.4509	\$ -					\$ -	\$ (0.0135)		\$ 2.4374
750,000 to 1,999,999 MCF/Yr	\$ 2.1336	\$ -					\$ -	\$ (0.0117)		\$ 2.1219
Over 2,000,000 MCF/Yr	\$ 1.6123	\$ -					\$ -	\$ (0.0089)		\$ 1.6034
2/ Total per MCF										\$ 3.1029
Mainline Service (MLS)										
Customer Charge										
Over 500,000 MCF/Yr	\$ 5,912.0000							\$ (34.6020)		\$ 5,877.3980
1/ Capacity/BB&A					\$ 0.1740					\$ 0.1740
Delivery Charge										
Delivery Charge										
PNG transmission line	\$ 0.7470	\$ -					\$ -	\$ (0.0046)		\$ 0.7425
Interstate pipeline	\$ 0.4446	\$ -					\$ -	\$ (0.0027)		\$ 0.4419
Total per MCF										\$ 0.9165

1/ The Capacity Charge applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the Balancing Charge.
 2/ The Total per MCF displayed for Transport LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.
 3/ In addition to the above listed rates the Weather Normalization Adjustment applies during October through May billing months.
 4/ The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.

PEOPLES NATURAL GAS COMPANY LLC

GAS—PA PUC NO. 49
ORIGINAL PAGE NO. 5

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ISSUED: March 27, 2026

EFFECTIVE: May 26, 2026

PEOPLES NATURAL GAS COMPANY LLC

GAS—PA PUC NO. 49
ORIGINAL PAGE NO. 6

DEFINITIONS OF TERMS

Applicant - Any person, corporation or other entity that (i) desires to receive from the Company natural gas or any other service provided for in this Tariff, (ii) complies completely with all Company requirements for obtaining natural gas or any other service provided for in this Tariff, (iii) has filed and is awaiting Company approval of its application for service, and (iv) is not receiving from the Company any service provided for in this Tariff. An Applicant shall become a customer for purposes of this Tariff only after it actually starts receiving the applicable service(s) from the Company under this Tariff. Applicants for residential service shall be further defined as a natural person not currently receiving service who applies for residential service provided by a public utility or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. Applicants for residential service do not include a person who, within thirty (30) days after service termination or discontinuance of service, seeks to have service reconnected at the same location or transferred to another location within Peoples' service territory.

Capacity Charge – A charge designed to recover the costs that the Company incurs to reserve capacity on interstate pipelines.

Chapter 56 – The Commission regulations that govern, among other things, metering, billing and collections for residential gas and electricity service.

City Gate – The point where interstate pipelines deliver gas into natural gas distribution company facilities.

Commission – The Pennsylvania Public Utility Commission or any lawful successor thereto that provides oversight, policy, guidance and direction to public utilities and NGSS.

Commodity Charge – A charge designed to recover the cost of producing or procuring natural gas.

Commodity Service – Service provided by the Company or a natural gas supplier which involves the purchase of gas commodity by the customer.

Company – The entity doing business as Peoples Natural Gas Company LLC.

Customer – Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the customer for any premises, building, structure, etc., (iii) is primarily responsible for payment of bills, or (iv) any adult occupant whose name appears on the mortgage, deed or lease of the property. A customer includes anyone taking Supplier of Last Resort Service and/or Distribution Service under this Tariff. A Customer of residential service includes a person who, within thirty (30) days after service termination or discontinuance of service, seeks to have service reconnection at the same location or transferred to another location within Peoples' service territory.

Customer Charge – A monthly charge to cover such natural gas distribution company costs as maintaining the gas lines, meter reading and billing.

Daily Available Volume – The total volume of gas actually delivered to the Company for the customer's account on a particular day, less an appropriate retainage percentage plus any adjustments associated with the reconciliation of monthly volumes as set forth in Rate GS-T and Rate T.

Daily Consumption Volume – The quantity of gas estimated by the Company to be consumed by the customer on any day.

Day – A 24-hour period beginning at 10 a.m. and ending at 10 a.m. or as subsequently defined by natural gas industry standards promulgated by FERC.

Delivery Charge – A charge designed to recover the costs the Company incurs in using its distribution system or local pipelines to deliver natural gas to a customer.

Distribution Charges – Various natural gas distribution charges that may include the Delivery Charge, Capacity Charge and Gas Cost Adjustment Charge.

Distribution Service – Service provided by the Company involving the delivery of gas to the customer.

ISSUED: March 27, 2026

EFFECTIVE: May 26, 2026

PEOPLES NATURAL GAS COMPANY LLC

GAS—PA PUC NO. 49
ORIGINAL PAGE NO. 7

DEFINITIONS OF TERMS

Gas Cost Adjustment Charge – The amount billed or credited each month to account for differences between projected and actual gas supply costs of the Company.

Mcf – 1,000 cubic feet of gas. This is a measure of gas usage.

Natural Gas Distribution Company - A public utility that provides natural gas distribution services and which may provide natural gas supply services and other services.

Natural Gas Supplier (NGS) – An entity that has received a license from the Commission and that sells natural gas to customers that is delivered through the distribution lines of the Company.

Small Business Customer – Any commercial or industrial customer with annual consumption of less than 300 Mcf.

Storage – Placing natural gas into an underground facility for removal and use at a later date.

Supplier of Last Resort – The Company or another entity that provides natural gas supply services to customers that do not elect another supplier or choose to be served by the supplier of last resort, customers that are refused service from another natural gas supplier, or customers whose natural gas supplier fails to deliver the required gas supplies. Currently, the Company is the supplier of last resort for all Priority-One customers under the terms of this tariff. Each customer may only have one supplier of last resort.

Supplier of Last Resort Service – Service that includes both Distribution Service and Commodity Service provided by the Company in its role as Supplier of Last Resort.

(C) – Indicates change.

(D) – Indicates decrease.

(I) – Indicates increase.

ISSUED: March 27, 2026

EFFECTIVE: May 26, 2026

PEOPLES NATURAL GAS COMPANY LLC

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**CLASSIFICATION OF CUSTOMERS
TO WHOM SERVICE IS MADE AVAILABLE**

Gas service is made available under the rules, regulations, and terms and at the rates contained in this tariff, based upon the use to which such gas is put and not upon volumes consumed (except where indicated), to the following classes of customers:

RESIDENTIAL CUSTOMERS

Residential customers are customers who use gas for household purposes, including single-family dwellings, boarding and rooming houses, duplex houses, private garages appurtenant to private homes or dwellings, apartments, apartment buildings, and governmental housing in which the units are individually metered. In this class, the element of human welfare and comfort in a residential setting is the distinguishing test of the customer's use of gas. Residential service does not include hotels, motels or other temporary housing units. Each meter represents one customer.

COMMERCIAL CUSTOMERS

Commercial customers are customers who are engaged in selling, warehousing or distributing a commodity or service, including boarding homes and personal care homes, engaged in some business activity or profession, or in some other form of economic, social, or cultural activity, not primarily involving the manufacturing or processing of a product; and any non-industrial premises where one meter is serving more than one unit. If the customer's predominant usage is for natural gas-powered vehicle service, then the customer will be classified as a Commercial customer.

INDUSTRIAL CUSTOMERS

Industrial customers include customers who are engaged in a process which creates or changes raw material or unfinished materials into another form; customers who use gas for large-volume power; customers who use gas for process steam generation; and customers who use gas for any other purpose not predominantly residential or commercial.

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**CLASSIFICATION OF CUSTOMERS
TO WHOM SERVICE IS MADE AVAILABLE**

NATURAL GAS DISTRIBUTION COMPANY (NGDC) CUSTOMERS

NGDC customers are companies regulated by the Commission. Within this classification the NGDC can be acting either on its own or on its end user's behalf.

CHANGE IN CLASSIFICATION

Any customer who believes that, as a result of a change in the use of the premises served, his classification ought to be changed must contact the Company. All changes will be determined by the Company, on a prospective basis, after it has been notified of the change; however, the Company reserves the right to make changes in classification on its own initiative. The decision of the Company as to classification shall be final.

Eligibility for a particular rate schedule under this tariff and application of the appropriate monthly customer charge shall be based on a review of the customer's annual usage. This review shall not be conducted more frequently than once per year. All changes in rate schedule classification and monthly customer charges as a result of this usage review shall be implemented on a prospective basis. Rate schedule classification and the appropriate customer charge for new customers, shall be determined by the Company based on an estimate of annual usage. The Company also reserves the right to establish the appropriate rate schedule classification and monthly customer charge based on anticipated customer usage.

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RATES AVAILABLE UNDER THIS TARIFF

Rate RS - Residential Service

This rate is available to residential customers throughout the territory served by the Company.

Rate CAP and Rate E-CAP

This is available to residential customers who meet the criteria as detailed in this Rate Schedule.

Rate SGS – Small General Service

This rate is available to commercial and industrial customers and NGDCs consuming less than 1,000 Mcf of natural gas service annually throughout the territory served by the Company with the exception of commercial customers qualifying under Rate NGPV.

Rate MGS – Medium General Service

This rate is available to commercial and industrial customers and NGDCs consuming between 1,000 and 24,999 Mcf of natural gas service annually throughout the territory served by the Company with the exception of commercial customers qualifying under Rate NGPV.

Rate LGS – Large General Service

This rate is available to commercial and industrial customers and NGDCs consuming more than 25,000 Mcf annually throughout the territory served by the Company with the exception of commercial customers qualifying under Rate NGPV.

Rate CER - Competitive Energy Rate

This rate is available to all customers throughout the territory served by the Company who, in the determination of the Company, meet the criteria set forth under Rate Schedule CER.

Rate GS-T - General Service Transportation

This rate offers firm transportation service for residential, commercial, industrial, and NGDC customers. Commercial, industrial, and NGDC customers that consume less than 1,000 Mcf per year are classified as Small General Service customers under this tariff. Commercial, industrial, and NGDC customers that consume between 1,000 and 24,999 Mcf per year are classified as Medium General Service customers under this tariff. Commercial, industrial, and NGDC customers that consume more than 25,000 Mcf per year are classified as Large General Service customers under this tariff.

Rate GS-SB - General Standby Service

This rate offers standby service for residential, commercial, and industrial transportation customers.

Rate NGPV

This rate offers service for natural gas powered vehicles.

Rate Schedule - Appalachian Gathering Service

This rate is available to any party desiring to deliver conventional well gas directly into the Company's system.

Rate GL- Gas Lights

This rate offers service for any gas lighting where the gas is not measured by a meter.

Rate MLS – Mainline Service

This rate is available at one location, for the total requirements of a commercial or industrial customer when: (i) the customer does not take service under any other rate schedule; (ii) the Customer meets either one of the following qualifications: the Customer has annual throughput requirements greater than 500,000 mcf and is within 1,000 feet of an Interstate pipeline supplier of the Company; or the Customer has annual throughput requirements of greater than 500,000 mcf and is located within 1,000 feet of PNG Transmission class pipeline facilities.

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DESCRIPTION OF TERRITORY

The Company serves as a natural gas public Company in the following cities, boroughs, and townships, all of which are in Pennsylvania:

ALLEGHENY COUNTY

Cities and Boroughs

Aspinwall	Elizabeth	Pleasant Hills
Avalon	Emsworth	Plum
Baldwin	Etna	Port Vue
Bellevue	Forest Hills	Rankin
Ben Avon	Fox Chapel	Rosslyn Farms
Ben Avon Heights	Franklin Park	Sewickley Heights
Bethel Park	Glassport	Sewickley Hills
Blawnox	Greentree	Sharpsburg
Brackenridge	Heidelberg	Springdale
Braddock	Homestead	Swissvale
Braddock Hills	Ingram	Tarentum
Brentwood	Jefferson	Thornburg
Bridgeville	Jefferson Hills	Trafford
Carnegie	Liberty	Turtle Creek
Chalfant	Lincoln	Verona
Cheswick	McKees Rocks	Versailles
Churchill	McKeesport	Wall
Clairton	Millvale	West Elizabeth
Coraopolis	Monroeville	West Homestead
Crafton	Mt. Oliver	West Mifflin
Dormont	Munhall	West View
Dravosburg	North Braddock	Whitaker
Duquesne	Oakmont	White Oak
East McKeesport	<u>Penn Hills</u>	Whitehall
East Pittsburgh	Pitcairn	Wilkinsburg
Edgewood	Pittsburgh	Wilmerding

Townships

Aleppo	Kennedy	Richland
Collier	Kilbuck	Robinson
Crescent	Marshall	Ross
East Deer	McCandless	Scott
Elizabeth	Moon	Shaler
Fawn	Mt. Lebanon	South Fayette
Findlay	North Fayette	South Park
Forward	North Versailles	South Versailles
Frazer	O'Hara	Springdale
Hampton	Ohio	Stowe
Hamar	<u>Penn Hills</u>	Upper St. Clair
Harrison	Pine	West Deer
Indiana	Reserve	Wilkins

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DESCRIPTION OF TERRITORY

ARMSTRONG COUNTY

Cities and Boroughs

Apollo	Ford Cliff	North Apollo
Applewold	Freeport	Parker City
Atwood	Kittanning	Rural Valley
Dayton	Leechburg	West Kittanning
Elderton	Manorville	Worthington
Ford City		

Townships

Bethel	Kiskiminetas	Rayburn
Boggs	Kittanning	Redbank
Bradys Bend	Madison	South Bend
Burrell	Mahoning	South Buffalo
Cadogan	Manor	Sugarcreek
Cowanshannock	North Buffalo	Valley
East Franklin	Parks	Washington
Gilpin	Pine	Wayne
Hovey	Plumcreek	West Franklin

BEAVER COUNTY

Cities and Boroughs

Aliquippa	Midland	Shippingport
Beaver	Monaca	South Heights
Industry	Ohioville	

Townships

Brighton	Hopewell	Potter
Center	Independence	Raccoon
Chippewa	Marion	South Beaver
Darlington	New Sewickley	Vanport
Franklin		

BLAIR COUNTY

Cities and Boroughs

Altoona	Duncansville	Tyrone
Bellwood	Hollidaysburg	

Townships

Allegheny	Frankstown	Logan
Antis	Greenfield	Snyder
Blair		

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DESCRIPTION OF TERRITORY

BUTLER COUNTY

Boroughs

Bruin	Fairview	Sarver
Butler	Harmony	Saxonburg
Callery	Mars	Seven Fields
Connoquenessing	Petrolia	Slippery Rock
East Butler	Portersville	Valencia
Evans City	Prospect	Zelienople
		Zelienople

Townships

Adams	Donegal	Muddycreek
Buffalo	Fairview	Oakland
Butler	Forward	Parker
Center	Franklin	Penn
Cherry	Jackson	Slippery Rock
Clearfield	Jefferson	Summit
Clinton	Lancaster	Washington
Concord	Marion	Winfield
Connoquenessing	Middlesex	Worth
Cranberry		

CAMBRIA COUNTY

Cities and Boroughs

Brownstown	Gallitzin	Nanty-Glo
Cresson	Geistown	Portage
Dale	Johnstown	Sankertown
Ebensburg	Lorain	Southmont
Ferndale	Loretto	Westmont
Franklin		

Townships

Adams	East Taylor	Stonycreek
Allegheny	Jackson	Susquehanna
Blacklick	Lower Yoder	Upper Yoder
Cambria	Middle Taylor	Washington
Conemaugh	Munster	West Carroll
Cresson	Portage	West Taylor
Croyle	Richland	

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DESCRIPTION OF TERRITORY

CLARION COUNTY

Boroughs

Sligo

Townships

Clarion
Limestone
Madison

Monroe
Piney
Porter

Redbank
Toby

CLEARFIELD COUNTY

Townships

Bell

Burnside

FAYETTE COUNTY

Boroughs

Belle Vernon
Fairchance

Fayette City
Masontown

Point Marion

Townships

Franklin
Georges
German
Jefferson
Luzerne

Menallen
North Union
Perry
Saltlick
South Union

Springhill
Stewart
Washington
Wharton

GREENE COUNTY

Boroughs

Carmichaels
Clarksville

Jefferson
Mather

Waynesburg

Townships

Aleppo
Center
Cumberland
Dunkard
Franklin
Freeport
Gilmore

Greene
Jackson
Jefferson
Monongahela
Morgan
Morris

Perry
Richhill
Springhill
Washington
Wayne
Whiteley

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DESCRIPTION OF TERRITORY

INDIANA COUNTY

Boroughs

Blairsville	Homer City	Saltsburg
Creekside	Indiana	Shelocta
Ernest	Marion Center	Smicksburg
Glen Cambell	Plumville	

Townships

Armstrong	Cherryhill	Rayne
Banks	Conemaugh	South Mahoning
Black Lick	East Mahoning	Washington
Brush Valley	East Wheatfield	West Mahoning
Buffington	Grant	West Wheatfield
Burrell	Home	White
Canoe	Montgomery	Young
Center	North Mahoning	
	Pine	

JEFFERSON COUNTY

Boroughs

Big Run	Timblin	Worthville
Punxsutawney		

Townships

Beaver	McCalmont	Rose
Bell	Oliver	Union
Clover	Perry	Warsaw
Eldred	Pine Creek	Washington
Gaskill	Porter	Winslow
Henderson	Ringgold	Young
Knox		

LAWRENCE COUNTY

Boroughs

Enon Valley	New Wilmington	Volant
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Townships

Hickory	Neshannock	Washington
Little Beaver	Pulaski	Wilmington
	Scott	

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DESCRIPTION OF TERRITORY

MERCER COUNTY

Boroughs

Grove City	Sandy Lake	Stoneboro
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Townships

East Lackawannock	Pine	Springfield
Findley	Sandy Lake	Wilmington
Lake	Shenango	Wolf Creek
Liberty		

SOMERSET COUNTY

Boroughs

Boswell	Seven Springs	
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Townships

Conemaugh	Jenner	Somerset
Jefferson	Middlecreek	

VENANGO COUNTY

Townships

Clinton	Irwin	
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WASHINGTON COUNTY

Cities and Boroughs

Beallsville	Centerville	Ellsworth
Bentleyville	Cokeburg	Finleyville
Burgettstown	Deemston	Monongahela
California	Donora	New Eagle

Townships

Amwell	Jefferson	Somerset
Carroll	Monongahela	South Franklin
Cecil	Morris	South Strabane
Chartiers	Mt. Pleasant	Union
Cross Creek	North Bethlehem	West Bethlehem
East Bethlehem	North Strabane	West Pike Run
East Finley	Nottingham	
East Pike Run	Peters	
Fallowfield	Robinson	
Hanover	Smith	

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DESCRIPTION OF TERRITORY

WESTMORELAND COUNTY

Cities and Boroughs

Adamsburg	Irwin	New Derry
Arnold	Jeanette	North Belle Vernon
Avonmore	Latrobe	North Irwin
Bolivar	Ligonier	Oklahoma
Delmont	Lower Burrell	South Greensburg
Derry	Manor	Southwest Greensburg
East Vandergrift	McCullough	Trafford
Export	Monessen	Vandergrift
Greensburg	Murrysville	West Leechburg
Hunker	New Alexandria	Youngstown
Hyde Park	New Florence	Youngwood
	New Kensington	

Townships

Allegheny	Ligonier	Salem
Bell	Lower Burrell	South Huntingdon
Derry	Loyalhanna	St. Clair
Donegal	Mt. Pleasant	Unity
East Huntingdon	North Huntingdon	Upper Burrell
Fairfield	Penn	Washington
Hempfield	Rostraver	

The above-listed cities, boroughs, and townships in Pennsylvania in which the Company provides natural gas public utility service are not the only cities, boroughs, and townships in which the Company is entitled, either by charter or certificate, to provide such natural gas public utility service.

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PEOPLES NATURAL GAS COMPANY LLC

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RULES AND REGULATIONS

1. APPLICATION FOR SERVICE

Applicants desiring any type of service from the Company under this Tariff shall contact the Company and specifically request the type and nature of service. Upon request, the Company will inform the Applicant or eCustomer of the identity of those NGSs offering retail service in its service territory and either provide a list of licensed suppliers or refer the Applicant or eCustomer to the Commission for further information. In any circumstance where an application to the Company for any service under this Tariff involves or is related to an NGS, such application cannot and shall not be processed by the Company unless the Applicant or Customer ~~and/or the Applicant's~~ NGS provides the necessary information relating to service.

A non-residential Applicant for any service under this Tariff will be required to sign an application for natural gas service, unless the Company, in its sole discretion, accepts an oral application from a non-residential Applicant. The Company shall accept an oral application from a residential Applicant except that the Company may require a written application from a residential Applicant if the Company determines positive identification or other documentation is necessary. The application information required from a residential Applicant shall include but not be limited to complete name and contact information, including all members of the household, employment information and landlord contact information, if Applicant is renting the service address. The Company may request verification of the identity of Applicant and other adult occupants of service address in the form of government issued photo ID (i.e., driver's license) or two alternative forms of identification, one of which must be a photo ID. The Company may, as a condition of furnishing service to an Applicant, require the Applicant, in accordance with applicable Commission regulations, to pay an outstanding gas service account balance, if the Company can show that the Applicant resided at, or occupied if a non-residential account, the property for which service is requested during the period of time that the outstanding balance accrued. The methods used by the Company to determine an Applicant's liability for any such previously furnished service may include reference to customer service records of the Company, including internal Company notes, service contracts, information collected from the Applicant and other members of the household in connection with any help provided by the Company in determining eligibility for and completing applications to various assistance programs. Other methods which may be used by the Company for such purposes include identity authentication services, public data and information, mortgage, deed or lease information, commercially available consumer credit reporting services, skip-tracing tools, any publicly available information on social media, news or internet platforms and other methods which are or have been approved as valid by the Commission.

Upon the receipt of natural gas service, the Applicant shall become a Customer of the Company. Acceptance of service by a Customer shall constitute an agreement to accept service under the Rules and Regulations of this Tariff, as amended from time to time, the orders and regulations of the Commission and the applicable laws of the Commonwealth of Pennsylvania.

The Company may decline or refuse to serve an Applicant or Customer for any of the following reasons:

- i. The Applicant or Customer has failed to comply with Federal, state and municipal laws, statutes, and regulations governing gas service, including the Commission's regulations, and the approved Rules and Regulations of the Company contained in this Tariff and any supplement thereto.
- ii. The Company does not have adequate facilities in place to render the service desired or if rendering such service would adversely affect service to the Company's existing Customers.
- iii. The Applicant or Customer's installation of piping or gas equipment is, in the Company's judgment, hazardous, not installed by qualified personnel or of such character that safe and adequate service cannot be delivered.
- iv. An extension of Company facilities is required and the Applicant or Customer refuses to pay the required contribution in-aid-of-construction as calculated in accordance with Rules and Regulations.
- v. Amounts due for service to Applicant or Customer at a previous location have not been paid or covered by a payment agreement as outlined under Commission regulations.
- vi. Where the requested service may need to be delivered from non-jurisdictional gathering pipeline facility.
- vii. The Applicant or Customer has another source of gas supply separately delivered or available to the structure(s) or building(s) where the Company's gas service is desired, such that the gas supplied by the Company would be commingled with the separately delivered gas supply, contrary to Company policy against commingled gas.

The Applicant or eCustomer shall inform the Company in advance of any proposed additions to (or decreases in) the Applicant or eCustomer's connected natural gas load.

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RULES AND REGULATION

2. CHARACTER OF SERVICE

The Company offers firm service, unless otherwise provided in this tariff.

3. RULES FOR DEPOSIT

RESIDENTIAL CUSTOMERS

- A. A deposit from a Customer shall conform to the requirements of all applicable Commission regulations and statutory requirements. Deposits required by the Company for services under this Tariff shall not be based on unpaid charges for gas supply services provided by an NGS.
- B. The Company may also require a security deposit from an Applicant or a Customer if any of the following conditions exist:
- 1) The Applicant or Customer was a residential distribution service Customer of the Company whose service was terminated for any of the following reasons:
 - a. Nonpayment of an undisputed delinquent account.
 - b. Failure to complete payment of a deposit, provide a guarantee, or establish credit.
 - c. Failure to permit access to meters, service connections or other property of the Company for the purpose of replacement, maintenance, repair or meter reading.
 - d. Unauthorized use of the utility service delivered on or about the affected dwelling.
 - e. Failure to comply with the material terms of a settlement or payment agreement.
 - f. Fraud or material misrepresentation of identity for the purpose of obtaining utility service.
 - g. Tampering with meters, including, but not limited to, bypassing a meter or removal of an automatic meter reading device or other Company equipment.
 - h. Violating Tariff provisions which endanger the safety of a person or the integrity of the Company's gas delivery system.
 - 2) The Applicant or Customer is unable to establish creditworthiness to the satisfaction of the Company through the use of a generally accepted credit scoring methodology which employs standards for using the methodology that fall within the range of general industry practice, provided that the methodology does not directly, or have the effect of, discriminating based on a protected class as set forth in the federal Equal Credit Opportunity Act.
 - 3) ~~The Applicant has failed to comply with any material term or condition of a settlement or payment agreement.~~
- C. If an Applicant or Customer is required to post a security deposit, the y Applicant may, in the alternative:
- 1) Furnish a written guaranty from a third party, which can, to the Company's satisfaction, establish credit in Applicant or Customer's favor sufficient to assure payment to the Company upon demand of an amount equal to that which would otherwise be required in a security deposit. The third party may not be a resident of the premise where service is to be provided.
 - 2) Provide income documents or other information attesting to his or her eligibility for state benefits based on household income eligibility requirements that are consistent with those of the public utility's Customer Assistance Program.

A written guaranty in a form acceptable to the Company must be received by the Company prior to commencement of utility service to any Applicant who elects the foregoing alternative to the posting of a security deposit.

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3. RULES FOR DEPOSIT (continued)

D. The Company may require an existing or terminated Customer to post a security deposit in order to re-establish credit under any of the following circumstances, after giving the Customer due notice of its intention to require a security deposit in accordance with prevailing Commission regulations:

- 1) The existing Customer has been delinquent on any two (2) consecutive bills or three (3) or more bills within the preceding twelve (12) month period.
- 2) The existing Customer has failed to comply with a material term or condition of a settlement or payment agreement, as defined in applicable Commission regulations.
- 3) The Customer's utility service has been terminated and the Customer desires reconnection.

Notwithstanding subsection (D), the Company may not require a cash deposit from a customer who is, based upon household income, confirmed to be eligible for a customer assistance program. A customer is confirmed to be eligible for a customer assistance program by the public utility if the customer provides income documents or other information attesting to his or her eligibility for state benefits based on household income eligibility requirement that are consistent with those of the public utility's Customer Assistance Program.

E. When the Company requires a security deposit from an Applicant or Customer, the due date for the payment of such security deposit will be in accordance with the applicable Commission regulations.

F. A security deposit may be required in an amount equal to twice the average estimated monthly bill of the Applicant or Customer. This estimate shall be based upon prior consumption for like service at the subject premises, wherever available. Should the character or degree of the Customer's usage materially change, or if it is established clearly that either will materially change in the immediate future, the amount of the deposit may be adjusted at the request of either the Company or the Customer.

G. All residential deposits shall bear interest at the simple annual interest rate determined by the Secretary of Revenue for interest on the underpayment of tax under section 806 of the act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code. Such interest will be credited to the Customer's account at the end of each year after the date of the deposit and if return of deposit results in a credit balance on the account, the credit may be returned to customer in the form of a refund check.

H. The Company shall refund or apply to a Customer's outstanding balance any security deposit held, plus accrued interest, under the following conditions:

- 1) Upon discontinuance or termination of service.
- 2) After a Customer has paid bills for utility service in full and on time for twelve (12) consecutive months.
- 3) At the option of the Company, a security deposit including accrued interest may be refunded in whole or in part at any time earlier than the time stated in this Rule.
- 4) After the Company has held the Customer deposit for a maximum of 24 months, if none of the above conditions are met.

I. When a security deposit is refunded or applied against an existing account balance, the Company will provide the Customer with a written statement showing the amount of the deposit, the accrued interest thereon, the application of the deposit to any prior or current utility service account balance(s) and the remaining balance(s). Any refunded deposit, together with accrued interest, shall be paid to the Customer.

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3. RULES FOR DEPOSIT (continued)

NON-RESIDENTIAL CUSTOMERS

- A. The Company reserves the right to require a security deposit for all services to be supplied, or to require an increase in an existing deposit if there is an increase in the monthly bill for services rendered. The Company further reserves the right to apply such deposit to bills previously incurred by the Customer under the existing or any previous utility service contract with the Company.
- B. A deposit may be required from a Customer in an estimated amount equal to twice the average of the three (3) highest monthly bills anticipated during the succeeding twelve (12) month period. Such estimate shall be made from the record of service rendered to the same premises during the last twelve (12) months of use, whether by Customer or by a prior occupant of the premises, adjusted to recognize the extent of the proposed use as compared with the past use thereof. If there is no prior record of service rendered to the premises, an estimated deposit shall be calculated by the Company based upon the Customer's proposed use of utility service to be provided.
- C. All non-residential Customer security deposits shall bear interest at the rate of six percent (6%) per annum, without deduction for any taxes thereon. Interest will be credited at the end of each year after the date of the deposit to the Customer's account and applied against the oldest unpaid bill. Upon final discontinuance or termination of utility service, any security deposit and accrued interest remaining with respect to said discontinued or terminated account will be first applied against the unpaid account balance, if any, with the remainder to be refunded to the Customer restricted in accordance with the Customer's direction.

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RULES AND REGULATIONS

4. CONNECTIONS FOR SERVICE - EXTENSION OF FACILITIES

The Applicant or Customer hereby undertakes to furnish, be responsible for, and pay the necessary costs of customer-owned service pipe, fixtures, fittings, valves, regulators, and appliances to make the necessary connections between the Company's lines and the place of consumption or the delivery point to the Applicant or Customer and keep the same in good repair, in a skillful and workmanlike manner, furnishing at his own expense said materials, and the labor, care, and supervision necessary and proper to safely conduct and burn the gas, but the Applicant or Customer shall not otherwise make changes in or interfere with said pipes and appliances and material. The arrangement and location of all piping and appliances (including meters) shall be subject to the approval of the Company, but the Company shall not be responsible in any manner for the selection, installation, maintenance, or use of said pipes and appliances, or for said labor, care, or supervisions, and shall have no duty or obligation with respect to the care, maintenance or supervision of the facilities. To facilitate this process, the Company makes available a manual entitled "Service Line Installation Standards" on its website.

The Company shall make the necessary connections between its curb cock or shutoff valve and the Applicant's service pipe, provide a meter and the necessary fittings, and connect the meter.

The meter and all pipe fittings and appliances furnished by the Company on the premises shall remain the property of the Company, and the Company shall have the right at all reasonable times to enter in and upon the premises to read, maintain, remove, change, replace, inspect, and/or reclaim the meter and associated equipment. In the event the Applicant or Customer utilizing the natural gas does not own the premise, the Applicant or Customer shall be solely responsible to coordinate the Company's access to the meter with the premise owner.

Meters will be installed at the Company's expense only upon request and subject to the following conditions:

- a) The Company will install one (1) meter per customer service line except in the case of condominiums, townhouses or apartments whose design necessitates a shared customer service line. Shared service lines require a properly executed agreement evidencing the party(ies) responsible for the maintenance, repair and replacement of the customer service line.
- b) The type, size and location of the meter will be determined by the Company.
- c) An individual service line shall be required for each unit of a newly constructed structure consisting of modules which can be sold or leased as and function as separate ~~entities, and entities and~~ having within each such unit control of the total gas energy requirements of that unit, including all interior piping. The requirement of one meter per service line shall apply to renovations of existing structures which meet the aforesaid independency requirements and to which gas service has not been provided for a period of at least one (1) year. The requirement of one meter per service line may be waived for other structures, upon the reasonable discretion of the Company. In this latter event, additional meters will be set by the Company, provided the customer shall bear the cost of all additional meter installations and house line alterations, and such cost of service line alterations as shall be permitted by law.
- ~~d) For all new meter placements or meter relocations, Outlet piping from the meter shall not pass through space or property that is or could be controlled or owned by~~
d) an individual or individuals other than the customer except when a valid easement agreement is executed by all impacted property owners, is properly recorded and provided to Peoples evidencing the right of such piping to be placed on non-customer property. In the event an easement is deemed unlawful or invalid by a court of competent jurisdiction, Peoples reserves the right to discontinue service to the Customer until a replacement easement, meeting the above criteria, is provided.
- e) In no event may a customer owned service line, or a buried house line, cross under a public road, regardless of whether the road is paved/unpaved or maintained/unmaintained.

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4. CONNECTIONS FOR SERVICE - EXTENSION OF FACILITIES (continued)

The Company will extend its facilities to a new point of delivery within its service territory if, in its judgment and consistent with Commission regulations, the service to such new point of delivery will have no adverse effect upon the availability of gas to meet the present and reasonably foreseeable volume and pressure needs of existing customers. The Company, at its discretion, may extend its distribution mains up to a distance of one-hundred fifty (150) feet on any street or highway without cost to a residential applicant(s), absent any abnormal underground conditions or unusual permitting requirements. When abnormal underground conditions or unusual permitting requirements exist, as determined by the Company, the applicant(s) will be required to pay a contribution in aid of construction (CIAC) in an amount determined by the Company. The Company may also condition the extension of facilities upon the Applicant's providing a CIAC, the amount of which will be determined by the Company and consistent with any parameters approved or required by the Commission.

If the Company requests a CIAC from an Applicant and additional customers are added to the extended facilities financed by the Applicant's CIAC within three years of the date of completion of the facilities, the Applicant who paid the CIAC will be entitled to a pro rata refund during the three-year period immediately following completion of the extension.

Any CIAC, customer advance, or other like amounts received from the customer that constitute taxable income as defined by the Internal Revenue Service may include a gross up for federal income taxes. To the extent that federal taxes are not included in the CIAC, they shall be segregated in a deferred account for inclusion in rate base in a future rate case proceeding.

Where evidence is found that Company facilities or service lines, meters, or other appurtenances on the customer's premises have been tampered with, the customer shall be required to bear all costs incurred by the Company for investigations and inspections, repairs, and for such protective equipment as, in the judgment of the Company, may be necessary. In addition, where the tampering has resulted in improper measurement of the service supplied, the customer shall be required to pay for such natural gas service, including interest at the late-payment charge rate, and all applicable costs and fees associated with collecting such charges based on the Company's estimate, from available information, of the amount of gas used but not registered by the Company's meters.

The customer shall pay the Company for any repairs to or any loss of the Company's property on the premises when such repairs are necessitated, or loss occasioned, by the willful acts or negligence on the part of the customer or failure to comply with the rules and regulations under which service is furnished.

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5. DISCONTINUANCE AND TERMINATION OF SERVICE

The authorized agents of the Company shall at all reasonable times have free access to the premises of the customer with the right to shut off the gas and remove its property from the premises for any of the following reasons: failure to permit access to meters, service connections or other property of the Company for the purpose of replacement, maintenance, repair or meter reading; nonpayment of any undisputed delinquent bills due for existing or any previous service; tampering with the meter or connections; fraudulent representation in relation to the consumption of gas; removal of Applicant or Customer from the premises; selling or delivering gas to other occupants of the premises without application to the Company; failure to make or increase any deposit; failure to provide a guarantee of payment or establish credit; want of supply or waste of gas from customer's lines or appliances; failure to comply with payment agreements; and failure to comply with or violation of Tariff Rules and Regulations. However, service may not be discontinued or terminated under any circumstances except under Commission Regulations or PA Statute(s) in effect and applicable at the time of such contemplated discontinuance.

The Company may immediately terminate service for any of the following actions by the customer: unauthorized use of the service delivered on or about the affected dwelling; fraud or material misrepresentation of the customer's identity for the purpose of obtaining service; tampering with meters or other public utility's equipment; or violating tariff provisions on file with the Commission so as to endanger the safety of a person or the integrity of the public utility's delivery system. Upon termination for such reasons, the Company will make a good faith attempt to provide a post termination notice to the customer or a responsible person at the affected premises, and, in the case of a single meter, multiunit dwelling, the Company will conspicuously post the notice at the dwelling, including in common areas when possible.

Unless otherwise authorized by the Commission, after November 30 and before April 1, the Company will not terminate service to residential customers with household incomes at or below 250% of the federal poverty level except for: 1) customers whose actions are grounds for immediate termination, as described above, and 2) any person receiving gas service as a User without Contract. The Company will use financial information from the customer provided within the most recent twelve month period to determine if a customer exceeds the 250% federal poverty level.

The Company may terminate service for nonpayment of billings for service provided under this tariff or for NGS supply charges purchased by the Company under the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff.

If service is terminated, the same customer, whether an Applicant or customer as defined in the Commission's regulations or PA Statutes, shall pay a reasonable turn-on fee for resumption of service at the same address after termination. The turn-on fee for Residential and Commercial customers is \$5658. This fee is waived for customers at or below 150% of the federal poverty level. ~~The turn-on fee for Commercial customers is \$114.~~ The turn-on fee for Industrial customers shall be an amount equal to the customer charge for each month of the intervening period since service was terminated.

Upon discontinuance or termination of service, the customer or its agent shall be responsible to winterize the premises to withstand winter conditions, which actions may include, but not limited to, draining plumbing systems, adding insulation and alternative heating units. The Company shall not be responsible for any damages resulting from the discontinuance or termination of service, or for the customer, or its agent, as a result of a failure to winterize the property.

The Company reserves its rights to use any and all remedies at law to collect any outstanding debts, including, but not limited to, filing a Complaint in civil court seeking a judgment of record for the debt, with interest and recovery of court costs, attorneys' fees and other collection expenses incurred in the process.

6. TERMINATION OF CUSTOMER'S CONTRACT

In case a writ of execution shall be issued against a customer, or in case the premises described or referred to in the contract as the place at which gas is to be delivered or consumed, or the personal property upon said premises shall be levied upon under execution, or in case of any acts of assignment, filing of involuntary or voluntary petitions in bankruptcy, or any action in court for the reorganization of any corporation, partnership, or other customer, the contract, at the option of the Company, shall cease and terminate, and all claims for retail or transportation service previously provided or amounts purchased from a NGS through the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff shall become forthwith due and payable without notice from said Company to the extent permissible under applicable bankruptcy statutes and Commission regulations.

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7. LEAKS AND WASTE

The customer shall use all due care to prevent a waste of gas. It is the responsibility of the customer to exercise all due care in the detection of defects and leaks, and in case of failure or deficiency of gas, leakage, excess pressure, or other dangerous developments incident to the handling of gas under pressure, the customer agrees to give immediate notice thereof to the Company, and his failure to do so, should loss follow, shall be conclusive evidence of his contributory or comparative negligence.

8. NONLIABILITY OF COMPANY/LIMITATION OF LIABILITY

The Company does not guarantee continuous, regular and uninterrupted supply of service. The Company may, without liability, interrupt or limit the supply of service for the purpose of making repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system. The Company is also not liable for any damages due to accident, strike, storm, riot, fire, flood, legal process, state or municipal interference, or any other cause beyond the Company's control. The Company shall not be liable for any injury to person or property arising from the use of gas by or the supply of gas to the Customer which is not the result of negligence solely on the part of the Company. The provisions of this section apply regardless of whether the property is inhabited or vacant for any period of time, including extended absences and vacations. The Customer is solely responsible for its premises and the Customer retains sole responsibility to protect the premises from any damages that may occur as a result of the interruption of gas service.

In no event shall the Company be liable for incidental, indirect, special or consequential damages, including loss of use or profit, or loss of business. The liability of the Company to customers or other persons for damages other than incidental, indirect, special or consequential damages, including but not limited to, loss of use, loss of profit or revenue, cost of capital, cost of substitute products, loss of business, damage to equipment or appliances, damage to real or personal property, loss of production and downtime costs shall in no event, unless caused by the willful and/or wanton misconduct of the Company, exceed an amount in liquidated damages equivalent to the greater of \$500 or two times the charge to the customer for the service affected during the period in which the damages occurred. These limitations shall apply whether the claim is pleaded in contract or in tort, including negligence and strict liability in tort.

The Company makes no warranty as to merchantability or fitness for a particular purpose, express or implied, by operation of law or otherwise. To the extent applicable under the Uniform Commercial Code or on any theory of contract or products liability, the Company limits its liability in accordance with the previous paragraph to any Customer or third party for claims involving and including, but not limited to, strict products liability, breach of contract, and breach of actual or implied warranties of merchantability or fitness for an intended purpose.

Further, the Company shall not be liable in any action where the loss or damage does not involve a breach of duty of the Company, including where the Company does not receive actual notice, either written or oral, that a Company facility (located within the public right-of-way, in a sidewalk or on a Customer's property) is in need of repair, such as the condition or elevation of a Curb Box or valve box that is not proven to have been in that condition at the time of installation or that is caused by a plumber, developer or the person or event.

For the purposes of this Rule, all pipe, fittings, and appliances, and associated materials/equipment on the customer's side of the curbstop or shutoff valve, or the property or lot line if there is no curb valve, of the service pipes which connect with the Company's main line are the property and responsibility of the customer, and in no event shall the Company be liable for any injury to person or property arising there from.

9. MEASUREMENT OF GAS

All gas delivered shall be measured by meter. The term "Mcf," as used in the Company's schedule of rates, shall mean 1,000 cubic feet of gas at no more than 8 ounces above an assumed atmospheric pressure of 14.4 pounds at whatever temperature the gas may be during the period of measurement. If gas is supplied from a low-pressure distribution system in which the pressure of the gas is regulated not to exceed 8 ounces, the measurement will be at whatever pressure the gas may be during the period of measurement. If gas is delivered from a high-pressure system, measurement will be corrected to a pressure base of 14.73 psia. If measurement is corrected for temperature, measurement will be corrected to 60°F.

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9. MEASUREMENT OF GAS (continued)

All meters shall be owned by the Company. All such meters and any regulators installed in connection therewith shall be open to inspection at reasonable times by both the Company and the Customer for the purpose of seeing that they are in good condition. If, at any time after installation of any meter or regulator, conditions change so that its location becomes unsuitable, the Company shall have the right to move the meter or regulator to a suitable place at the expense of the Customer or property owner. The measurement of gas by meter shall be conclusive on the customer and the Company, excepting that from the time the meter is found to be defective or ceases to register, until the meter is repaired, the gas delivered shall be estimated by the average of another meter, or by the amount delivered by meter during a previous corresponding period under similar conditions. In the event of the customer's dissatisfaction with the registration of the meter, the Company will, upon request, accompanied by the fee specified in the regulations of the Commission, have the same removed, sealed, and tested and results of the test given to the customer upon request. If the meter so tested shall be found to be inaccurate within the limits specified in the regulations of the Commission, the Company shall refund the charge for such test.

10. BILLING AND PAYMENT

No entity providing billing may share or use information concerning individually negotiated rates of a customer, which has been acquired only through the entity's role as a billing agent, with another customer or any third party without the prior written authorization of the Company. The Company shall offer a separate payment option for residential customers to equalize monthly payment amounts.

~~No entity providing billing may share or use information concerning individually negotiated rates of a customer, which has been acquired only through the entity's role as a billing agent, with another customer or any third party without the prior written authorization of the Company. The Company shall offer a separate payment option for residential customers to equalize monthly payment amounts.~~

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Billing Options

The Company will offer two billing options: (1) the issuance of a bill by the Company which contains the NGS charges; or (2) the issuance of a bill that contains only the Company's charges, in which case the NGS will bill the customer separately for NGS charges. The right of a customer to receive a separate bill from his/her NGS for the NGS' charges is subject to the ability of the NGS to provide a separate bill and the terms under which the NGS may offer to provide a separate bill.

Allocation of Payments

Under billing option (1), the following order for the application of partial payments shall apply to all residential customers and to non-residential customers unless the contract between the non-residential customer and the NGS provides for a different method:

- a. Pre-existing Company balance;
- b. Current Company charges;
- c. NGS charges;
- d. Non-basic service charges (including but not limited to warranty charges);
- e. Hardship energy fund contribution.

Residential and Commercial Customers

Bills will be rendered and be payable once each month. Amounts due for gas services must be made using US currency in one of the following formats: cash at a valid payment center, credit card, debit card, atm card, or personal check, business check, or money order issued by a properly licensed financial institution, or other commercially acceptable form of payment as determined by the Company. The Company strives to read the meter once every month, but may read every other month. As to any customer whose meter is read once every two months, the volumes consumed for the first month of each bimonthly meter reading period shall be determined by estimation, on the basis of the customer's previous service, adjusted for weather conditions, and the volumes consumed for the second month of each bimonthly meter reading period shall be determined by subtracting the first month's estimated volumes from the total actual volumes consumed or delivered for the bimonthly period as shown by the meter. The bill for each month shall be the result of applying to the volumes consumed or delivered, the applicable rates, charges, and penalties (if any) set forth in this tariff.

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10. BILLING AND PAYMENT (continued)

Upon request, the Company will supply any customer with an option upon which he may record his meter reading at the end of the first month of each bimonthly meter reading period, and if such reading is received by the Company within two days after the close of such billing month, the bill for such month will be computed from the meter reading provided by the customer instead of by estimate. The Company will adjust estimates of bills for changes in conditions of which it has been notified in advance by a customer.

A bill will be rendered to each residential and commercial customer on account of each meter. Bills will be rendered as nearly as possible on the same day of every month and shall be payable upon presentation. The Company reserves the right to reassign customers into a different billing cycle and the timing of the issuance of the monthly bill may be altered. A bill shall be deemed delinquent if it is not paid by the due date. The due date for residential and commercial customers shall be twenty (20) days after the date of mailing the bill unless the Company agrees to an extension. Delinquent residential accounts shall be subject to a late-payment charge of one and one-half percent (1 ½%) per month for bills not paid within five days after the due date. Delinquent commercial accounts shall be subject to a late-payment charge of one and one-half percent (1 ½%) per month. Late-payment charges will be based on delinquent charges for services provided under this tariff or for NGS supply charges purchased by the Company under the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff.

Payment of bills may be made at authorized collection offices or agencies of the Company during the regular business hours thereof. Payment may be deemed to have been made on the date it is received at any such office or, if remittance is made by mail, on the date of the official U.S. Postal Service postmark.

Industrial Customers

Bills will be rendered and be payable once each month. A bill will be rendered to each industrial account. Bills will be rendered as nearly as possible on the same day of every month and shall be payable monthly upon presentation. The Company reserves the right to reassign customers into a different billing cycle and the timing of the issuance of the monthly bill may be altered. An industrial customer's bill shall be deemed delinquent when it remains unpaid after the payment due date specified on the bill. A payment received from a customer owing a previous balance shall be applied first to the previous balance and only after such previous balance has been fully paid shall any balance of the payment be applied to the current bill. Industrial accounts shall be subject to a late-payment charge of two percent (2%) per month if the bill is not paid in its entirety on or before the payment due date specified on the bill, which shall be fifteen (15) days after the date of mailing the bill. Late-payment charges will be based on delinquency charges for services provided under this tariff or for NGS supply charges purchased by the Company under the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff.

Final Bill

At the time the Company receives a notice, which notice must be received at least seven days in advance, to discontinue service. The Company may estimate the final reading if the Company's actual read parameters have been met in previous months. Upon request, the customer may submit a customer meter reading, or request the Company read the meter. The Company will read the meter if the two customer readings are significantly different. The Company will inform the customer that if they elect the customer meter reading and the customer fails to provide the Company with an acceptable reading in a timely manner, the Company may estimate the final meter reading. The Company will make reasonable efforts to obtain actual meter readings: (a) when the Company has insufficient data to estimate the Customer's usage; (b) when, in the case of a transfer of service, disconnect and reconnect orders are executed on different days; and (c) when the customer, at least seven days prior to the disconnect order date, specifically requests that the meter be read. The Company reserves the right to establish a Customer's usage for a final bill whenever the Company is unable to gain access to its meter on the disconnect order date. The Company will accept meter readings from customers for final bills if the customer reading is provided in a timely manner and if, upon review, the Company finds the customer reading to be

reasonable and consistent with prior usage levels. Notwithstanding the foregoing, the Company may not discontinue service unless in compliance with the Rules, Regulations or Orders of the Pennsylvania Public Utility Commission pertaining thereto and in effect at the time of such discontinuation.

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10. BILLING AND PAYMENT (continued)

Dishonored Payment

If the Company receives a negotiable instrument from an Applicant or customer as payment of any bill, charge or deposit due, and if the instrument (including electronic payment) is subsequently dishonored or is uncollectible for any reason, the Company may charge the Applicant or customer a fee of \$~~26~~19.

The Company reserves the right to require payment intended to prevent service termination or to restore service to be made via certified funds if the Customer has a history of returned payments or has failed to demonstrate a good faith effort to pay within the preceding twelve (12) month period.

The Company further reserves the right to remove a Customer from utilizing eAccount or other online payment options when abuse of such platforms is detected, which may include, but not be limited to, repeated cancellations of online payments.

11. AUTHORITY OF AGENTS

No agent or employee of the Company has authority to make any promise, agreement or representation not consistent with this Tariff.

OUTSIDE OF DISTRIBUTION SYSTEMS (RULES 12-14)

12. CONDITIONS UNDER WHICH SERVICE WILL BE RENDERED

Applications for service from a transmission, gathering, or storage line outside of the Company's distribution system will not be accepted unless such line is being operated in a manner which will permit gas to be served to the Applicant without interference with the Company's operation. Applications will be accepted only with the understanding that the use or manner of use of the Company's line from which gas is to be supplied is not permanent and that service to the Applicant is subject to temporary or absolute change or discontinuance at the sole discretion of the Company which may at any time remove, repair, or change the use or manner of operating said line after having first canceled the service contract with the Applicant by thirty days written notice to him. The customer agrees that the Company shall have the right to discontinue service for any such reason or in accordance with any other published rule or regulation of the Company, and the customer further agrees that during the term of service the Company shall not be liable for any deficiency in the supply of gas caused by the use of compressing stations, breakage of lines, or other causes or for any claim for damages on account of any matters set forth in this paragraph, subject to the terms and conditions of Rule 8 of this tariff. Every Applicant must obtain adequate and suitable written rights-of-way and regulator sites, and permit copies thereof to be made before the Company will make any tap or connection for service or install any regulating apparatus for Applicant.

13. CONNECTION FOR SERVICE AND RESPONSIBILITY THEREFOR

The Company will furnish gas service from a transmission, gathering, or storage line, subject to the conditions of Rule 12, Rule 14, and its other rules and regulations, at the varying pressures at which the line is operated from time to time. The Applicant assumes all risks from variation in pressure, defects in pipe, connections, and appliances, from the escape and leakage of gas, from the sticking of valves and regulators, and from the burning of gas on his premises and like causes incident to the use of gas. The Applicant shall provide at his own expense and risk the necessary service line from the place of consumption or other mutually agreed upon delivery point to a point designated by the Company near the Company's pipe line from which gas is to be supplied for safely conducting the gas from the stop or shutoff valve on the connection which the Company will make with its pipe line to the place of consumption or other mutually agreed upon delivery point.

14. COST OF CONNECTION

The Company will at its own cost tap its line and furnish and lay a service line terminating with a stop or shutoff valve at or near the point designated by it under Rule 13. Connection for service will be made under Rule 4.

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SPECIAL RULES APPLICABLE TO INDUSTRIAL CUSTOMERS (RULE 15-16)

All service to industrial customers is made subject to the following special rules. The foregoing rules are also applicable to such service unless inconsistent with the following rules.

15. METERS AND REGULATORS

All gas delivered to the customer shall be delivered at and measured by a standard meter to be placed by the Company upon the customer's premises or at another delivery point, as determined by the Company. The said meter or meters and any necessary regulators shall be owned by the Company, and the Company shall pay the cost of keeping the meters and regulators in repair; customer will furnish and maintain suitable building or buildings for same but said meters and regulators shall be at all times open to inspection of both the Company and the customer for the purpose of seeing that they are in a condition of good repair. The customer, or owner of the property where the meter is located, shall not construct any structure(s) on, or around the meter, or permit any obstruction that blocks or encumbers access to the meter. In the event a meter is obstructed, and the Company is unable to obtain access, the Company may take necessary action to obtain access to the meter and the Company shall not be liable for any damage or loss to the property of the customer or the property owner.

All meters shall be owned by the Company and said meters and any regulators in connection therewith shall be at all times open to inspection by both the Company and the customer for the purpose of seeing that they are in condition of good repair. The meter providing service to the customer's premises shall be placed on the property located on the premises. Any meter located on property owned by a third-party who is not the customer or the owner of the real property where the premises is located, shall be relocated to an appropriate location that complies with this Rule.

16. RESPONSIBILITY FOR FIRE, EXPLOSIONS, AND FAILURE OF SUPPLY

The Company shall not be responsible for any lines laid beyond the meter; shall not be held liable for any damage or loss to person or property resulting from explosions or fire or from use of gas in the works of the customer; and shall not be liable for failure to furnish a sufficient supply of gas or for failure to transport the customer's gas to the customer for his purpose arising from any cause not the result of the willful and/or wanton misconduct of the Company, subject to the terms and conditions of Rule 8 of this tariff.

17. EMERGENCY CURTAILMENT

This rule has been adopted pursuant to regulations of the Commission set forth at Pa. Code §§59.71 – 59.75 entitled 'Gas Emergency Plans'.

The definitions for terms used in this Rule 17 shall be shown in Appendix A hereto.

An emergency exists whenever the aggregate demand of firm service customers on the Company's system or confined segment of the system exceeds or threatens to exceed the gas supply or capacity that is actually and lawfully available to the Company to meet the demands, and the actual or threatened excess creates an immediate threat to the Company's system operating integrity with respect to Priority-One customers. If this occurs, the Company may require each commercial and industrial customer, who is not a Priority-One customer, to reduce its consumption of gas. The reduction required shall be determined by the Company without regard to priorities of use, as necessary to minimize the potential threat to public health and safety; however, the authorized volume shall provide only the minimum volume of firm service necessary for the prevention of damage to plant equipment.

As part of the emergency planning process, the Company shall attempt to make every responsible effort to make contractual or informal arrangements with their sales Customers, transportation Customers, and others to obtain supplies or, as an alternative, to implement voluntary and/or mandatory usage reductions so that resorting to firm service reductions

or curtailments under applicable Commission regulations can be avoided, and severe supply or capacity disruptions can be mitigated. The Plan is designed to minimize the potential for supply shortfalls that threaten public health and safety, not to make up for inadequate performance by individual parties.

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17. EMERGENCY CURTAILMENT (continued)

When all other service has been curtailed except for Priority-One service and the Company continues to be unable to meet Priority-One requirements, the Company shall exercise its judgment as to any further curtailment that may be necessary and shall utilize measures designed to minimize harm to customers if curtailments to plant protection use are found to be necessary.

The Company will specify in a notice of emergency curtailment the authorized daily consumption until further notice. An emergency curtailment may be made after oral notice to the customer effective when so given and confirmed in writing within 48 hours thereafter.

If a customer exceeds its authorized consumption during a period of emergency curtailment, then a customer shall be subject to penalties as set forth below:

<u>Actual Usage as a Percentage of Emergency Authorized Consumption</u>	<u>Penalty for Excess Takes (in Dollars Per Mcf)</u>
Greater than 103%, but not in excess of 110%	The higher of \$10 per Mcf or 110% of the highest cost gas supply purchased by the Company during the month of usage.
Greater than 110%	The higher of \$25 per Mcf or 125% of the highest cost gas supply purchased by the Company during the month of usage.

The Company shall have the right to waive any penalty for unauthorized use of gas.

The number of days of emergency curtailment multiplied by the authorized daily consumption volume shall be the customer's authorized consumption for the emergency curtailment period. The Company will determine actual consumption during the emergency curtailment period by actual measurement at the beginning and end of the emergency curtailment.

Utility Liability

The Company may restrict or discontinue service in accordance with 52 PA Code, Sections 59.72 through 59.75 of the Emergency Plan Regulations without thereby incurring any penalty or liability for any loss, injury or expense that may be sustained by the Customer, except when the restriction or discontinuation of service is as a result of the Company's willful or wanton misconduct.

The Company's liability for actions taken under 52 PA Code, Section 59.73, or pursuant to any other regulation, policy statement, directive or Order issued by the Commission, or an emergency order issued by the Governor, shall be governed by the following principles:

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17. EMERGENCY CURTAILMENT (continued)

- 1) If the Company appropriates natural gas during an emergency action, the Company will compensate the applicable entity, whether the Customer or the Customer's NGS, for the cost of lost, firm gas service. The compensation, in the aggregate, shall equal but not exceed the greater of the city gate cost of the appropriated natural gas, including transportation charges up to the Company's city gate, or the reasonable cost actually paid by the Customer for delivered substitute energy, as documented to the Company. The Company may provide compensation in kind only at the discretion of the affected Customer or NGS.
- 2) The Company will have the right to discontinue service, for the duration of an emergency, to a Customer that continues to take gas in violation of these rules.

Discontinuance of Service and Curtailment

When the evidence available to the Company reasonably indicates that a customer is using gas in violation of this rule or an order of the Commission, the Company will discontinue all service to such customer unless the use causing such violation is discontinued within ten days after written notice from the Company. This provision shall not affect the Company's right or obligation to discontinue service under other provisions of this tariff, the rules and regulations of the Pennsylvania Commission, or for any other lawful right or reason. The Company will inform the Commission of any termination pursuant to this rule.

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17. EMERGENCY CURTAILMENT (continued)

Appendix A to Rule 17

DEFINITIONS FOR TERMS USED IN EMERGENCY CURTAILMENT

1. Alternate Fuel: Any fuel other than natural gas.
2. Alternate Fuel Capability: The installed and operable ability to use any fuel other than natural gas on a time sensitive basis.
3. Commercial Use: Gas usage by customers engaged primarily in the sale of goods or services including but not limited to consumption by office buildings, institutions, and governmental agencies.
4. Critical Uses: Gas usage where natural gas is the only feasible form of energy due to its combustion characteristics, controllability, or chemical properties.
5. Essential Human Needs Use: Gas usage by customers for service to any buildings where persons normally dwell, including but not limited to residences, apartment houses, dormitories, hotels, hospitals, and nursing homes.
6. Firm Service: Natural gas service offered to consumers under tariffs or contracts that anticipate no interruption.
7. Industrial Use: Gas usage by customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product, including the generation of electric power.
8. Interruptible Service: Natural gas services that can be temporarily discontinued under terms and conditions specified by tariff or contract.
9. NGDC: Natural gas distribution company.
10. NGS: Natural gas supplier.
11. Noncritical Use: Gas usage where natural gas is not the only feasible form of energy, that is, where the user has alternate fuel capability.
12. Plant Protection Use: Minimum usage of natural gas required to prevent physical harm to an industrial or commercial consumer's facility, or danger to personnel at the facility when such protection cannot be afforded through the use of an alternate fuel. Plant protection use includes usage necessary for the protection of the material in process as would otherwise be destroyed, but does not include deliveries required to maintain production.
13. Residential Use: Gas usage in a residential dwelling or unit for space heating, air-conditioning, cooking, water heating, or other domestic purposes.

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18. PRIORITY OF SERVICE CURTAILMENT

Upon issuance of an order to initiate priority-based curtailments, the available gas supplies to the Company shall be allocated among its customers in accordance with the priorities of use listed below. Customers in higher priority will not be curtailed until all customers falling into the lower classifications have been completely curtailed; where only partial curtailment of any one classification is required, the implementation of curtailment shall be prorated, to the extent possible under the circumstances, based upon recent consumption data. The ability to curtail a Priority-One customer is not affected by whether the customer pays for standby service under Rate GS-SB. Following are the priority categories and subcategories listed in descending order. Small commercial and industrial customers as described below are those customers that use less than 25,000 Mcf per year. Large commercial and industrial customers as described below are those customers that use 25,000 Mcf per year or more:

1. a. Residential.
1. b. Firm critical commercial essential human needs.

2. a. Firm small commercial requirements, excluding critical essential human needs requirements in category 1., firm large commercial and industrial requirements for plant protection, and operational facilities of electric distribution companies.
- 2.b. Firm small industrial requirements.
- 2.c. Firm large critical commercial and industrial requirements, excluding firm critical commercial essential human needs requirements in category 1 and excluding firm large commercial and industrial requirements for plant protection in category 2.
- 2.d. Firm large noncritical commercial and industrial requirements other than requirements for boiler fuel use.
- 2.e. Firm large noncritical commercial and industrial requirements for boiler fuel use.
- 2.f. Contractually interruptible use.

19. SALES OF GAS FOR RESALE

All gas sales to residential customers are to the ultimate purchaser and are not to be resold for profit.

20. SERVICE AGREEMENT & FLEXIBLE RATES

Service agreements for delivery services are not required unless the customer has negotiated a delivery rate less than the maximum rate. When a service agreement is required, an agreement for a minimum of one year must be executed by each Applicant as a condition to receiving delivery service, unless the Company agrees to a shorter term. The Service Agreement, when required, shall include but not be limited to: 1) the point(s) at which the Company will receive customer's gas; 2) the points at which the Company will deliver customer's gas to customer's facilities; 3) maximum daily volumes and annual delivery service volumes. Delivery of gas will not begin until a Service Agreement is fully executed.

Specific components of a customer's rate may be lowered or waived if such an adjustment is required to meet competition from an alternative fuel source (including electricity), for economic development purposes, for service to new facilities, or for existing customers that install new technologies utilizing natural gas such as but not limited to: fuel cells, gas heat pumps and cooling, and Combined Heat and Power (CHP) project(s). Determination of eligibility for a flexible rate will be made by the Company and execution of a contract by the customer. When the discount is based on competition from an alternative fuel source, the customer will be required to certify the existence of the alternative fuel source. Electricity delivered by an electric distribution company shall constitute a competitive alternative. Prior to flexing distribution charges for distribution service customers, the Company may reduce charges that are for recovery of balancing charges, and/or the retainage percentage applied to the gas received on behalf of the distribution service customer.

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**SPECIAL RULES APPLICABLE TO ALTOONA
AND JOHNSTOWN AND VICINITY (Rules 21 and 22)**

21. CONNECTION FOR SERVICE

In the city of Altoona, Blair County, and the city of Johnstown, boroughs of Ferndale, Westmont, Lorain, Dale, Southmont, and townships of Lower Yoder, Upper Yoder, and Stony Creek, and vicinity in Cambria County, and not elsewhere, the following rule has been adopted and is applicable in place of Rule 4 above: The meter and all pipes, fittings, and stop cocks furnished by the Company on the premises shall remain the property of the Company which shall have the free right and privilege of ingress and egress at all reasonable times, to lay, maintain, inspect, operate, repair, and finally reclaim its property and for reading and change of meters.

22. LEAKS AND WASTE

In the city of Altoona, Blair County, and the city of Johnstown, boroughs of Ferndale, Westmont, Lorain, Dale, Southmont, and townships of Lower Yoder, Upper Yoder, and Stony Creek, and vicinity in Cambria County, and not elsewhere, the following rule has been adopted and is applicable in place of Rule 7 above: The customer shall use all due care to prevent waste of gas. It is the responsibility of the customer to exercise all due care in the detection of leaks and defects in the service pipes, meter, fittings, and stop cocks on the customer's premises and in case of failure or deficiency of gas, leakage, excess pressure, or other dangerous developments incident to the handling of gas, the customer agrees to give immediate notice thereof to the Company at its office and to take the necessary precaution to prevent explosion and fire, and the failure of the customer to do so, should loss or injury follow, shall be evidence of the customer's negligence and shall relieve the Company from liability for such loss or injury.

23. ORDER OF GAS DELIVERIES THROUGH THE METER FOR BILLING PURPOSES

For purposes of billing more than one type of service provided by the Company to a customer through one meter, the following order of application of rates shall be used:

- a. Rate GS-T
- b. Firm Retail or Standby
- c. Rate CER

24. OPERATIONAL FLOW ORDERS

To the extent the Company issues an operational flow order (OFO) pursuant to Rule 4 of its Supplier Tariff, a transportation customer shall comply (or direct its NGS to comply) with the same OFO conditions, including the penalty provisions, outlined in the Company's Supplier Tariff Rule 4. The Company may waive the penalties applicable under the Company's Supplier Tariff Rule 4, for transportation customers.

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25. SELECTION OF NGS

- a. When the Company receives notice that a customer has elected to switch NGSs or to return to the Company's Supplier of Last Resort service, the Company shall initiate the confirmation procedure described herein. Such changes shall coincide with the start of customer's billing cycle.
- b. Customers can obtain information at any time on the ability to select an NGS other than the Company by contacting the Company via letter, phone, e-mail, or by visiting the Company's internet web site. The Company will also periodically mail to customers information on the opportunity to choose an alternate supplier.
- c. Disclosure Requirements: If a customer selects an NGS, the customer should note that the NGS is required pursuant to the Commission's Customer Information Disclosure Guidelines at Docket No. M-00991249F0005, to disclose certain information to the customer, including but not limited to, agreed-upon pricing in the Company's standard pricing unit, conditions of pricing availability, the length of the agreement, cancellation provisions, and the three-day right of rescission.
- d. Selection and Set-up: The customer, or person or entity that is authorized to act on the customer's behalf, should contact their chosen NGS to initiate the request. When a customer, person or entity authorized to act on the customer's behalf contacts the Company with a request, the Company will inform such party to contact the NGS directly. After the Company has received notification from the NGS of the customer's request, the Company shall mail out a confirmation letter to the customer by the end of the next business day after the date the Company receives notification by the NGS of the new customer, asking the customer to notify the Company if information in the confirmation letter is inaccurate. Such confirmation letter shall include the customer's NGS, the applicable billing option, the approximate date when service from the new NGS will begin and the date that the first bill will be mailed, and notification that service may be terminated for failure to pay NGS supply charges. The confirmation letter also shall include the notice of a five (5) day waiting period in which the request may be cancelled by the customer before the change of the NGS takes place. The five (5) day waiting period shall start on the day the confirmation letter is mailed.

Should the Company receive notification from customer within the five (5) calendar days required under the confirmation letter that customer's gas service or gas supply election as described by the NGS is in error, the Company shall so notify the NGS. In case of notification by customer of such error, the Company shall continue billing customer under customer's current billing arrangement. Should the Company receive notification from customer that customer's gas service or gas supply election as described by the NGS is in error, but not receive such notification within the five (5) calendar days period, the Company shall advise the customer to contact the NGS to request cancellation and if requested by customer the Company will treat this as an alleged slamming complaint under Rule 26.

Should the Company receive notification by more than one NGS within a one-month period that the customer has elected said NGS to supply customer's natural gas, the Company shall proceed with the confirmation process using the first NGS which notifies the Company, unless the customer informs the Company such NGS is in error.

- e. Cancellation of NGS Service: When the Company receives notice from a Customer that the Customer desires to cancel the NGS service or return to the Company's Supplier of Last Resort service, the Company shall notify the Customer to contact the NGS to request cancellation of the NGS service and the NGS shall be responsible to notify the Company of the cancellation or change.

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26. COMPLAINT PROCEDURES

- a. General Complaints - Inquiries and complaints from any customer will be received and processed in a timely manner. Residential customer inquiries and complaints will be handled in conformance with Chapter 56 of the Commission's Rules. When a customer inquiry or complaint relates to services provided by an NGS, the Company will refer the customer to the NGS for a response if a customer is dissatisfied with the Company's response, or indicates dissatisfaction with the NGS's response to the customer with respect to the NGS's services, the Company will inform the customer of the right to file an informal appeal with the Bureau of Consumer Services (BCS) at the Commission and provide the customer with the toll-free telephone number and mailing address of the Commission.

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27. REQUEST FOR INFORMATION

- a. Upon customer request, the Company shall provide to its residential and small business customers appliance energy efficiency information that is readily available to the Company.
- b. Upon request, the Company shall provide to a residential or small business customer or the customer's designee, historical billing data, to the extent such information is readily available on Company's billing system. Historical billing data shall be conveyed in Mcf, and associated charges for the current billing period, and for the year preceding the current billing period. The initial request per year shall be provided at no charge to customer.

28. RELEASE OF CUSTOMER INFORMATION

- a. The Company shall notify residential and small business customers of its intent to release private customer information before it releases such information to a third party, excluding those instances noted below in paragraph (c). The notification to customer shall provide a convenient method of notifying the Company of the customer's desire to restrict the release of the private information. Customer shall be permitted to restrict information as specified in this section by returning a signed form, orally or electronically. If the customer changes its election on the restriction of the release of information, the customer must inform the Company in a signed form. The Company shall use its best efforts to ensure that any request or a change in request for restricted information be processed in a timely and expeditious manner.

For all other customers, the Company will not disclose customer information to a third party, excluding those instances noted below in paragraph (c), without the consent of the customer.

Nothing herein shall preclude the Company from releasing aggregated customer information or non-private customer information to a third-party.

- b. Residential and small business customers may request that the release of its private information be restricted based on one of the following two restrictions:
 - i. Restrict the release of only the customer's historical billing data in the Company's standard pricing unit, or
 - ii. Restrict the release of all private customer information including name, billing address, service address, rate class, rate sub-class, account number and historical billing data in the Company's standard pricing unit.

If customer does not choose to restrict the release of information based on one of the two restrictions above, then all of the customer's private information may be released to a third party except for the telephone number. Telephone numbers may not be released to third parties under any circumstances.

- iii. Nothing in this section prohibits the Company from performing its mandatory obligations to provide natural gas service as specified in the disclosure statement and in the Public Utility Code.
- c. The Company may release private information to (i) law enforcement officers, as part of a legal process (such as in response to a warrant, subpoena, or grand jury investigation issued by a court or governmental agency); (ii) to contractors providing utility-related services on behalf, of Peoples, but only to the extent necessary to render the service and subject to confidentiality and security obligations; (iii) to governmental agencies with jurisdiction over Peoples, when they require such information; (iv) to a third-party bill payment company, for the sole purpose of facilitating electronic payments to a natural gas account as requested by a customer; (v) to others as required by court order or by applicable laws, rules, or regulations governing Peoples; and (vi) to credit reporting agencies, and to collection agencies (if a natural gas account is assigned for collection).

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28. RELEASE OF CUSTOMER INFORMATION (continued)

- d. The Company will retain Personal Information for as long as is reasonably necessary to meet its business needs and regulatory and compliance obligations.

29. AUTHORIZATION

A customer may identify persons authorized to make changes to the customer's account. To accomplish this, the customer must provide the Company with a signed document identifying, by name, those persons who have the authority to initiate any change to the customer's account, including a change of the customer's NGS.

30. RULES PART OF CONTRACT

These rules (1 to 29, inclusive), insofar as applicable, are hereby made a part of any contract for public utility service provided by the Company. To the extent that any language contained in this Tariff conflicts with any provisions of the Pennsylvania Code, Pennsylvania Statutes, or Public Utility Commission Orders related to the provision of gas service, the language contained in the Pennsylvania Code, Pennsylvania Statutes or Commission Orders shall control.

Contact Information

A Customer is responsible for providing, and updating when necessary, accurate contact information including telephone number(s), billing address and email addresses, if provided. If a customer's contact information changes and the customer does not timely provide updated contact information, the Customer agrees and understands that the Company shall not be liable for any notices, statements or other communications that are otherwise undeliverable to the Customer, or for any damages that result therefrom.

The Company may use contact information to reach the customer to discuss their natural gas account, to respond to an inquiry that the customer sent to the Company or to keep the customer informed about the services, products and programs offered by the Company, and its affiliates and partners. By providing an e-mail address to the Company, the customer consents to receive communications from the Company electronically. If the customer provides the Company a with a cell phone number, the customer expressly agrees that the Company may contact the customer at this number to discuss their natural gas account. The customer also agrees to receive, from the Company and the Company's service providers, calls and messages, including prerecorded messages, calls from automated dialing systems and text messages. Normal cell phone charges may apply.

Not all communications sent to a Customer or Applicant will also be sent via e-mail, if an e-mail address is provided. Some communications are sent via mail only.

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31. GAS QUALITY

Unless otherwise agreed to by the Company through separate agreement, gas delivered by a Customer, supplier or producer shall not contain more than:

- (a) Seven (7) pounds of water per million cubic feet on an approved dew point apparatus.
- (b) Four (4) percent by volume total inerts including carbon dioxide, nitrogen, argon, and helium provided that total carbon dioxide content shall not exceed two (2) percent by volume.
- (c) Thirty hundredths (0.3) grains of hydrogen sulfide per 100 cubic feet.
- (d) Ten (10) grains of total sulfur per 100 cubic feet.
- (e) Two tenths (0.2) percent by volume oxygen.
- (f) No more than (5) percent Hydrogen.

Gas delivered into the Company's system should be free from oil, water, salt, gum, dust, and other foreign substances that might interfere with the marketability of the gas. Unless otherwise agreed to by the Company, the gas delivered shall contain not less than 967 Btu per cubic foot and shall not exceed 1,100 Btu per cubic foot (as determined by calorimeter test at 60 degrees Fahrenheit and saturated with water vapor). Gas accepted by the Company that contains less than 967 Btu per cubic foot will be enhanced to ensure that gas delivered by the Company to customers shall meet Commission heating value requirements and the Company may charge for this.

Nonconformance – If the gas offered for delivery by a producer, Customer and/or its NGS shall fail at any time to conform to any of the specifications set forth herein, then the Company shall notify the Customer, producer and/or NGS of such deficiency and may at the Company's option refuse to accept delivery pending correction by the Customer, producer or NGS. Should any substances not in conformity with the quality standards specified herein enter the Company's facilities and cause damage to gas meters, regulators and/or other equipment, or interruption of service, Customer, Producer and/or NGS shall reimburse the Company for the costs to repair such damage and for any related costs which the Company may incur to restore service to, and/or repair facilities, of its Customers, including payments made by the Company to Customers in settlement of claims arising out of interruption of gas service.

32. OTHER FEES AND SERVICES

The following customer requested services will require a fee as defined below:

Temporary Customer Service Line Installation – If service to a premises would be discontinued due to a customer service line leak and gas service is required to serve essential human needs, the customer or occupant may request the installation of a temporary customer service line. If the Company is able to install such a line, at the occupant's or customer's request, the Company may charge a fee of \$300. The line shall be placed only for a temporary period and the Company reserves the right to identify the temporary period and remove the line if that period is exceeded.

Excess Flow Valve – At the Customer's request, the Company will install an excess flow valve. If the customer requests installation of the excess flow valve and the Company has not scheduled the location for a service line replacement or a new service line, or the customer requests the installation prior to the Company's scheduled installation time, the customer shall be responsible for the cost of the materials and installation to be paid prior to installation.

High Bill Investigation Fee – At the Customer's request, the Company will provide a scheduled visit to the customer's home to conduct an investigation into the usage measured and billed to the Customer for service. If the investigation identifies an error in the measurement of gas used or the customer's income is at or below 150% of the federal poverty level, the fee will be waived. The fee for this service is \$75. This fee is not applicable to foreign load investigations.

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RATE RS
RESIDENTIAL SERVICE

AVAILABILITY

This rate is available to residential customers (other than those that the Company determines shall acquire service under Rate GS-SB) located throughout the territory described in the "Description of Territory" in this tariff and shall be applied to consumption for each month determined in accordance with Rule 10.

This rate will be used for provision of supplier of last resort service to residential customers.

RATE TABLE

Customer Charge per meter per month	\$ 16.80 <u>26.00</u>
Delivery Charge per Mcf	\$ 5.35376 <u>.6359</u>

The currently effective gas cost charges under Rider Purchased Gas Cost and all charges under other applicable tariff riders are set forth on the Summary of Rates located on Page No. 3 of this tariff.

MINIMUM MONTHLY BILL

The minimum monthly bill per meter shall be the customer charge per customer per month. In the event of an emergency curtailment in the delivery of gas by the Company to a customer pursuant to Rule 17, or complete or partial suspension of operation by the customer due to fire, flood, explosion, or other similar acts of God, the minimum monthly bill may be reduced in direct proportion to the ratio of the number of days of curtailed service or complete or substantial suspension of operation to the number of days in the billing period.

SURCHARGES

All applicable riders to this tariff.

LATE-PAYMENT CHARGE

The Company will assess a late payment charge of 1.50 percent per month when the Company receives the customer's full payment more than five days after the bill's due date. This charge is to be calculated on the overdue portion of the bill, excluding any unpaid late-payment charges.

RULES AND REGULATIONS

The Company's Rules and Regulations in effect from time to time, where not inconsistent with any specific provision hereof, are a part of this rate schedule.

WAIVER

The Company reserves the right to waive the customer charge per meter for additional meters. An example of when such waiver may occur is when the Company determines that such meters have been installed principally and primarily for the Company's convenience and not due to the customer's load characteristics.

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CUSTOMER ASSISTANCE PROGRAM (CAP)

AVAILABILITY

Rate CAP is a program designed to enroll residential customers who satisfy the criteria set forth below. Please refer to Peoples' Universal Service and Energy Conservation Plan on file with the PA PUC for a full description of the CAP program terms and conditions. In addition to the terms and conditions in this Tariff, Peoples' Universal Service and Energy Conservation Plan shall govern the provision of service under this rate category.

1. Processing and verification by authorized agencies upon referral by the Company's offices, Customer Assistance Referral Evaluation Service (CARES) representatives, other agencies, or BCS.
2. Customer of the Company and using natural gas for space heating.
3. Annual income no greater than 150 percent of the federal poverty level. The Company will accept a customer's participation in an electric CAP program as verification of income, if the Company is satisfied that the electric company verifies income. For payment purposes, the customers will be defined as follows:
 - a. Group A - Customers whose annual income has been verified as being from 0 to 50 percent of poverty.
 - b. Group B - Customers whose annual income has been verified as being from 51 to 100 percent of poverty.
 - c. Group C - Customers whose annual income has been verified as being from 101 to 150 percent of poverty.
4. A customer who meets the eligibility criteria for the Low Income Home Energy Assistance Program (LIHEAP) should complete an application for a LIHEAP grant when available.
5. The company will monitor the usage of CAP customers on an ongoing basis. Any unjustified excess CAP usage or unjustified CAP credit (designed as the difference between the CAP payment amount, and the current charges as billed under Rate RS) that exceeds a maximum of \$1,000 per year will be billed to the CAP customer. An increase in CAP usage or annual CAP credit over \$1,000 may be justified if the CAP customer can demonstrate the household has experienced the addition of a family member; a member of the household experienced a serious illness; energy consumption was beyond the ability of the household to control; or the household is located in housing that is or has been condemned or has housing code violations that negatively affect energy consumption. Before responsibility for the excess CAP usage is imposed on the household, the Company shall notify the customer of the grounds for exemption and assure that the customer has received and understands the grounds for exemption.
6. Agreement by customer to apply for any other energy assistance programs, if available, as referred to by the Company.
7. Customers will automatically be enrolled in CAP if:
 - a. the customer has a significant account balance, and
 - b. the customer has received a LIHEAP payment within the past two years.

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CUSTOMER ASSISTANCE PROGRAM (CAP)

RATE TABLE

Customers will pay a specified percentage of their monthly income as the monthly minimum payment or \$25/month, whichever is greater. If the calculated percentage of monthly income is less than \$25, the minimum monthly payment will be established as \$25. The applicable percentage by Group follows:

<u>Group</u> ¹	<u>Percentage</u>
A	4%
B	5%
C	6%

If the customer's monthly CAP payment, as calculated above, exceeds the otherwise applicable monthly budget payment amount, the monthly budget payment amount will be accepted as the CAP payment. The Company will review any customer account where usage exceeds 125% of the customer's annual usage. In cases where the Company determines that the increase in a CAP customer's usage is unjustified, the Company will provide the customer with conservation information, refer the customer to a usage reduction program, and bill the customer for excess usage.

SURCHARGES

All riders to this tariff, as would otherwise be applicable to Rate RS with the exception of Rider Universal Service.

LATE-PAYMENT CHARGES

No late-payment charges shall be applied to arrearages existing at the time the customer begins receiving service under Rate Schedule CAP. Late-payment charges will not be applied during participation in the CAP program.

1/ Defined under Availability Criteria 3.

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CUSTOMER ASSISTANCE PROGRAM (CAP)

RULES AND REGULATIONS

1. Customer with earned income must recertify income eligibility biennially. Customers with only certain fixed incomes, such as social security, pension and disability must recertify income eligibility triennially. Customers reporting zero income using the Company's zero income form must recertify within 6 months.
2. If, at any time after acceptance into CAP, a customer's family size or income changes, the customer must notify the Company of the change within 30 days of the change. Failure to do so may result in the Company ending the customer's opportunity to receive service under CAP.
3. If a customer no longer satisfies the criteria set forth under Availability, with the exception of Item 4, the customer will no longer be eligible to receive service under CAP.
4. At the time of application for CAP, the customer will be advised of the importance of timely payments and energy conservation. The CAP screening administrator will review relevant assistance programs and offer help in applying for programs such as weatherization or energy assistance as appropriate. Energy saving tips will be provided and all participants will be advised that usage will be reviewed on an ongoing basis. Unjustified excess CAP usage will be billed to the CAP customer.
5. If a customer fails to allow access to the Company's meter or fails to provide meter readings in four consecutive months, the customer will no longer receive service under CAP.
6. Failure to make payments will result in the Company returning the participant to the regular collection cycle and may lead to termination of service. To avoid termination, the participant must pay the amount set forth in the termination notice prior to the scheduled termination date.
7. A customer whose service has been terminated pursuant to Rule 5 may be required to pay all CAP arrearages prior to reinstatement and will be advised of appropriate energy assistance programs, including LIHEAP, LIHEAP Crisis and Dollar Energy Fund, which are available to assist in restoration of service.
- ~~8.~~ Customers who have been dropped from CAP for the reasons outlined above will be subject to normal termination procedures. The customer will receive a communication providing an opportunity to correct the problem before being removed from CAP.
- ~~9.~~ Use of natural gas, while on CAP, for recreational purposes such as, but not limited to, interior or exterior pool heaters and/or hot tubs, recreational appliances, outdoor appliances such as gas grilles, fire pits/rings, fireplaces, gas lamps, heaters and other cooking appliances, and heated outdoor buildings, such as a shed, shop or garage, is prohibited. Customers using gas for recreational purposes will be removed and can be re-enrolled upon verification that the natural gas connection to the recreational appliance(s) has been removed. Unjustified usage as a result of recreational gas use will be billed to the customer.
- ~~10.~~ If the Company determines a CAP participant obtained benefits through fraudulent means, such as failing to report a household income, benefits previously provided may be reversed and the customer will be responsible to pay back the benefits incorrectly received.

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PILOT EXTENDED CUSTOMER ASSISTANCE PROGRAM (E-CAP)

This Rate is established as a Pilot in the Company's Universal Service and Energy Conservation Plan. All provisions of Rate CAP will additionally apply to participants of E-CAP.

AVAILABILITY

Rate E-CAP is a program designed to enroll residential customers who satisfy the criteria set forth below.

- a. Customer of the Company, using natural gas for space heating, who has a significant delinquent balance, broken payment arrangement, termination notice or lack of utility service.
- b. Annual income verified annually as being between 151 and 200 percent of the federal poverty level.
- c. Agreement by customer to apply for any other energy assistance programs, if available, as referred to by the Company and before enrolling in E-CAP.

RATE TABLE

Customers will pay 11% of their monthly income as their E-CAP Payment. If the customer's monthly E-CAP payment exceeds the otherwise applicable monthly budget payment amount, the monthly budget payment amount will be accepted as the E-CAP payment.

SURCHARGES

All riders are applicable to this tariff, as would otherwise be applicable to Rate RS, with the exception of Rider Universal Service.

LATE-PAYMENT CHARGES

No late-payment charges shall be applied to arrearages existing at the time the customer begins receiving service under Rate Schedule E-CAP. Late-payment charges will not be applied during participation in the E-CAP program.

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RATE SGS
SMALL GENERAL SERVICE

AVAILABILITY

This rate is available to commercial, industrial, and NGDC customers consuming less than 1,000 Mcf annually (other than those that the Company determines shall acquire service under Rate GS-SB or those that use natural gas as a motor vehicle fuel), located throughout the territory described in the "Description of Territory" in this tariff and shall be applied to consumption for each month determined in accordance with Rule 10.

†his rate will be used for provision of supplier of last resort service to all commercial, industrial and NGDC customers.

RATE TABLE

Customer Charge per meter per month:

For customers with annual consumption less than 500 Mcf \$22.0032.14

For customers with annual consumption equal to or greater than
500 Mcf but less than 1,000 Mcf \$44.0064.28

Delivery Charge per Mcf \$3.98445.7095

The currently effective gas cost charges under Rider Purchased Gas Cost and all charges under other applicable tariff riders are set forth on the Summary of Rates on page No. 3 of this tariff.

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RATE SGS
SMALL GENERAL SERVICE

MINIMUM MONTHLY BILL

The minimum monthly bill per meter shall be the customer charge per customer per month. In the event of an emergency, curtailment in the delivery of gas by the Company to a customer pursuant to Rule 17, or complete or partial suspension of operation by the customer due to fire, flood, explosion, or other similar acts of God, the minimum monthly bill may be reduced in direct proportion to the ratio of the number of days of curtailed service or complete or substantial suspension of operation to the number of days in the billing period.

SURCHARGES

All applicable riders to this tariff.

LATE-PAYMENT CHARGE

A late-payment charge of 1.50 percent per month for commercial customers and 2.00 percent per month for industrial customers shall be applied for failure to make payment in full for all charges billed by the Company by the due date shown on the bill. This charge is to be calculated on the overdue portion of the bill, excluding any unpaid late-payment charges.

RULES AND REGULATIONS

The Company's Rules and Regulations in effect from time to time, where not inconsistent with any specific provision hereof, are a part of this rate schedule.

WAIVER

The Company reserves the right to waive the customer charge per meter for additional meters. An example of when such waiver may occur is when the Company determines that such meters have been installed principally and primarily for the Company's convenience and not due to the customer's load characteristics.

ISSUED: March 27, 2026

EFFECTIVE: May 26, 2026

PEOPLES NATURAL GAS COMPANY LLC

GAS—PA PUC NO. 49
ORIGINAL PAGE NO. 47

RATE MGS
MEDIUM GENERAL SERVICE

AVAILABILITY

This rate is available to commercial, industrial, and NGDC customers consuming between 1,000 and 24,999 Mcf annually (other than those that the Company determines shall acquire service under Rate GS-SB or those that use natural gas as a motor vehicle fuel), located throughout the territory described in the "Description of Territory" in this tariff, and shall be applied to consumption for each month determined in accordance with Rule 10.

The Company shall determine the annual consumption of each MGS customer in order to assess the appropriate customer charge. This rate will be used for provision of supplier of last resort service to commercial, industrial, and NGDC customers.

RATE TABLE

Customer Charge per meter per month:

For customers with annual consumption
equal to or greater than 1,000 Mcf but less than 2,500 Mcf ~~\$404.00~~110.00

For customers with annual consumption
equal to or greater than 2,500 Mcf but less than 25,000 Mcf ~~\$445.00~~158.00

Delivery Charge per Mcf ~~\$3.69~~415.2072

The currently effective gas cost charges under Rider Purchased Gas Cost and all charges under other applicable tariff riders are set forth on the Summary of Rates located on Page No. 3 of this tariff.

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PEOPLES NATURAL GAS COMPANY LLC

GAS—PA PUC NO. 49
ORIGINAL PAGE NO. 48

RATE MGS
MEDIUM GENERAL SERVICE

MINIMUM MONTHLY BILL

The minimum monthly bill per meter shall be the customer charge per customer per month. In the event of an emergency curtailment in the delivery of gas by the Company to a customer pursuant to Rule 17, or complete or partial suspension of operation by the customer due to fire, flood, explosion, or other similar acts of God, the minimum monthly bill may be reduced in direct proportion to the ratio of the number of days of curtailed service or complete or substantial suspension of operation to the number of days in the billing period.

SURCHARGES

All applicable riders to this tariff.

LATE-PAYMENT CHARGE

A late-payment charge of 1.50 percent per month for commercial customers and 2.00 percent per month for industrial customers shall be applied for failure to make payment in full for all charges billed by the Company by the due date shown on the bill. This charge is to be calculated on the overdue portion of the bill, excluding any unpaid late-payment charges.

RULES AND REGULATIONS

The Company's Rules and Regulations in effect from time to time, where not inconsistent with any specific provision hereof, are a part of this rate schedule.

WAIVER

The Company reserves the right to waive the customer charge per meter for additional meters. An example of when this charge may be waived is if the Company determines that such meters have been installed principally and primarily for the Company's convenience and not due to the load characteristics of the customer.

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PEOPLES NATURAL GAS COMPANY LLC

GAS—PA PUC NO. 49
ORIGINAL PAGE NO. 49

RATE LGS
LARGE GENERAL SERVICE

AVAILABILITY

This rate is available to commercial, industrial, and NGDC customers consuming greater than 25,000 Mcf annually (other than those that the Company determines shall acquire service under Rate GS-SB or those that use natural gas as a motor vehicle fuel), located throughout the territory described in the "Description of Territory" in this tariff, and shall be applied to consumption for each month determined in accordance with Rule 10.

The Company shall determine the annual consumption of each LGS customer in order to assess the appropriate customer charge. This rate will be used for provision of supplier of last resort service to commercial, industrial, and NGDC customers.

For purposes of this Rate LGS schedule, Transitional LGS customers shall consist of Peoples Gas Division LGS Ratepayers with annual consumption equal to or greater than 100,000 Mcf and that took service on the Peoples Gas Division Rate LGS rate schedule as of September 27, 2024. No other customers will be eligible for the Transitional LGS rates. In addition, Transitional customers will not retain their Transitional status upon any discontinuance of service and will not be able to transfer their Transitional status to any other entity. These transitional customers may switch between rate schedules based upon their usage.

RATE TABLE

Customer Charge per meter per month:

For customers with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf	\$940.00 <u>987.00</u>
For customers with annual consumption equal to or greater than 50,000 Mcf but less than 100,000 Mcf	\$1,465.00 <u>1,538.00</u>
For customers including Transitional LGS) with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf	\$2,130.00 <u>2,237.00</u>
For customers (including Transitional LGS) with annual consumption equal to or greater than 200,000 Mcf	\$5,630.00 <u>5,912.00</u>

Delivery Charge per Mcf

For customers with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf	\$2.63 <u>2.9451</u>
For customers with annual consumption equal to or greater than 50,000 Mcf but less than 100,000 Mcf	\$2.55 <u>2.8512</u>
For customers with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf	\$2.43 <u>2.7189</u>
For customers with annual consumption equal to or greater than 200,000 Mcf but less than 750,000 Mcf	\$2.19 <u>2.4509</u>
For customers with annual consumption equal to or greater than 750,000 Mcf but less than 2,000,000 Mcf	\$1.90 <u>2.1336</u>
For customers with annual consumption equal to or greater than 2,000,000 Mcf	\$1.44 <u>1.6123</u>

Transitional LGS Delivery Charge per Mcf

For customers with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf	\$1.40 <u>2.5655</u>
For customers with annual consumption equal to or greater than 200,000 Mcf but less than 750,000 Mcf	\$1.17 <u>541.313</u> <u>2</u>
For customers with annual consumption equal to or greater than 750,000 Mcf but less than 2,000,000 Mcf	\$1.17 <u>541.313</u> <u>2</u>
For customers with annual consumption equal to or greater than 2,000,000 Mcf	\$1.17 <u>541.313</u> <u>2</u>

The currently effective gas cost charges under Rider Purchased Gas Cost and all charges under other applicable tariff riders are set forth on the Summary of Rates located on Page No. 3 of this tariff.

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PEOPLES NATURAL GAS COMPANY LLC

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ORIGINAL PAGE NO. 50

RATE LGS
LARGE GENERAL SERVICE

MINIMUM MONTHLY BILL

The minimum monthly bill per meter shall be the customer charge per customer per month. In the event of an emergency curtailment in the delivery of gas by the Company to a customer pursuant to Rule 17, or complete or partial suspension of operation by the customer due to fire, flood, explosion, or other similar acts of God, the minimum monthly bill may be reduced in direct proportion to the ratio of the number of days of curtailed service or complete or substantial suspension of operation to the number of days in the billing period.

SURCHARGES

All applicable riders to this tariff.

LATE-PAYMENT CHARGE

A late-payment charge of 1.50 percent per month for commercial and NGDC customers and 2.00 percent per month for industrial customers shall be applied for failure to make payment in full for all charges billed by the Company by the due date shown on the bill. This charge is to be calculated on the overdue portion of the bill, excluding any unpaid late-payment charges.

RULES AND REGULATIONS

The Company's Rules and Regulations in effect from time to time, where not inconsistent with any specific provision hereof, are a part of this rate schedule.

WAIVER

The Company reserves the right to waive the customer charge per meter for additional meters. An example of when this charge may be waived is if the Company determines that such meters have been installed principally and primarily for the Company's convenience and not due to the load characteristics of the customer.

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PEOPLES NATURAL GAS COMPANY LLC

GAS—PA PUC NO. 49
ORIGINAL PAGE NO. 51

RATE GS-T
GENERAL SERVICE - TRANSPORTATION

AVAILABILITY

This service is available to provide for the delivery of transportation volumes to residential, commercial, (other than those that use natural gas as a motor vehicle fuel), industrial, and natural gas distribution company customers regulated by the Commission. Priority-one customers (as defined in Rule 17), must purchase standby service in accordance with the terms and conditions of GS-SB.

RULES AND DELIVERY TERMS

1. The entity to whom the Company delivers the transported gas shall be considered the customer under this rate schedule. The customer is responsible for paying the Company's bill unless the Company agrees to receive payment from a third party.
2. Any customer consuming less than 500 Mcf per year who wishes to acquire transportation service may do so as long as the customer agrees to collectively pool supplies for balancing purposes on the Company's System, in order to make provision of transportation service to these small consumers administratively feasible.
3. A single-entity customer is a customer with multiple meters and/or multiple locations within the Company's service territory which, in the sole determination of the Company, shall be recognized as one customer for administrative purposes. Any retail or standby service shall be billed as if an equal amount of gas passed through each meter of the single-entity customer each month. Only one bill will be issued each month to a single-entity customer.
4. The customer will pay for any investment costs required to receive the customer's gas into the Company's system at agreed-upon transportation gas receipt points. The Company will own and maintain each natural gas connection's tapping tee or pipe and valve.
5. A Transportation Agreement, as prepared by the Company, must be executed by the customer(s) with competitive alternatives to whom Rate GS-T is made available at less than maximum rate. This Agreement shall be for a minimum term of one year, unless the Company agrees otherwise. This Agreement may set forth the maximum daily volumes that may be transported and other negotiated conditions of service.
6. This service will be provided by the Company only if the customer provides gas of reasonable quality to the Company. The volumes, pressures, and receipt points will be agreed upon by the parties in advance and set forth in the Transportation Agreement or in the Company's pooling agreement with the NGS providing gas supply service to the customer.
7. Unless otherwise agreed to by the customer and the Company, the customer or its NGS is responsible for all arrangements required to acquire and to deliver the customer's natural gas to the receipt points set forth in the Transportation Agreement.
8. On those days when the transportation gas of an individual industrial customer who uses at least 50,000 Mcf annually is not received into the Company's system at its nominated level, or if the said transportation customer has failed to arrange for deliveries to be made into the Company's system on its behalf, and the Company determines that it may not be able to satisfy all the demands of its firm retail and transportation customers without exceeding its pipeline contract level, then the Company may declare an "upset day."

On an upset day, those customers described in this subparagraph No. 8, whose transportation volumes are not received at all or at the nominated level into the Company's system shall be restricted to the following consumption levels:

- 1) Transportation gas volumes received by the Company on the customer's behalf on that day; and

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PEOPLES NATURAL GAS COMPANY LLC

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RATE GS-T
GENERAL SERVICE - TRANSPORTATION

RULES AND DELIVERY TERMS (Continued)

- 2) All standby volumes contracted for the month by the customer.

Transportation customers whose nominated daily volume are received in whole by the Company shall not be affected by the provisions in this subparagraph No. 8.

At least six hours prior to the beginning of an "upset day," the utility will provide notice to any one of three persons designated by the customer. After contact is attempted by the Company with the three persons designated by the customer, the Company will be deemed to have satisfied its notice obligations.

9. Unless otherwise agreed under paragraph (17) below, the Company will arrange its utilization of available capacity by endeavoring to fairly accommodate, to the extent practicable, the interests of its retail and transportation customers.
- a. Available System Capacity for Transportation Service: Capacity for the transportation of customer-owned gas is available on the Company's system to the same extent as capacity is available for the general system supplies that the Company acquires for its retail customers, except where operational constraints may require otherwise. Those operational constraints can include the safety of persons or property and the displacement of locally produced or purchased retail gas supplies.
 - b. Actual Unavailability of or Restrictions on Capacity: In the event that capacity on the Company's system either is unavailable for the transportation of customer-owned gas or is available but restricted, the Company will provide its transportation customer or the customer's designated representative with a written explanation of why capacity is unavailable or restricted and the steps examined by the Company to alleviate the unavailability or restriction. Where capacity is restricted, the Company will allocate capacity to its transportation customers without regard to the sources of the customers' natural gas supplies.
 - c. Anticipated Unavailability of or Restrictions on Capacity: Whenever the Company anticipates that an extraordinary activity or occurrence will make capacity either unavailable or available but restricted, the Company will provide written notice to Pennsylvania producers, as early as possible, of the specific portions of the Company's system on which capacity may be unavailable or available but restricted and of the length of time that the unavailability or restriction likely will last.
10. As soon as practical after the customer learns of any disruption or interruption in its supply of gas, the customer shall notify the Company.
11. The measurements at the point of receipt and delivery shall be the responsibility of the Company. All quantities of gas received, transported, and delivered shall be expressed in terms of "Mcf." A customer's gas received by the Company in Btus will be converted to Mcf using the current applicable conversion factor as determined annually in the Company's 1307(f) proceeding.
12. The Company shall retain 6.5 percent of the total volume of gas received into its system on behalf of all customers as gas used in Company operations and for unaccounted-for gas under Transportation Agreements that have been or are entered into pursuant to this rate, except in the following circumstances, where the Company may exercise its discretion to waive retainage in conjunction with a positive cost/benefit analysis:

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PEOPLES NATURAL GAS COMPANY LLC

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RATE GS-T
GENERAL SERVICE - TRANSPORTATION

RULES AND DELIVERY TERMS (Continued)

- 1) If customer can obtain alternate transportation service via direct bypass;
- 2) If customer receives transportation service through Company-owned facilities which do not produce the retainage percentage set forth in this rate schedule;
- 3) If customer has a competitive offer from a non-PUC-jurisdictional entity;
- 4) If customer can demonstrate economic development or job retention considerations are present; or
- 5) If customer has a bona fide competitive offer from an alternative energy source.

As used in this rate schedule, "alternative energy source" shall not include natural gas service from other Natural Gas Distribution Companies.

13. Customer-owned locally produced gas received into the Company's system will be available as nominated by the customer or his agent in the current month. Nominations will be accepted if determined to be reasonable by the Company. Reconciliation of the actual volumes delivered to the Company's system to nominated volumes will be made in the first month available.

14. Monthly Balancing Provisions Applicable to Rate GS-T Customers Not Served by a Pool

The Company will bank for one month following the month that the customer's gas is available for the customer's use, up to 3.5 percent of the volumes delivered on the customer's behalf (net of the payback of advanced gas). Banked gas shall precede current deliveries of gas through the customer's meter during the month following the banking period. The Company will balance customer's daily deliveries with customer's actual daily consumption during the month. The Company will advance up to 3.5 percent of the volumes received on the customer's behalf in any month. The first gas received on the customer's behalf in the succeeding month will be deemed the payback of advanced gas.

Any difference between the customer's consumption and deliveries shall be subject to the following charges:

Negative Monthly Imbalance - A negative imbalance fee will be assessed on consumption by the customer in excess of gas deliveries plus gas advanced and any contracted for standby service. The negative imbalance volume will be sold by the Company at the highest Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Eastern South for the month multiplied by 120%. Volumes sold by the Company are subject to applicable taxes.

Positive Monthly Imbalance - If the customer fails to use at least 96.5 percent of the volumes delivered to the Company on customer's account in any month, then the Company may buy the gas which has remained in the bank longer than the banking period or in excess of the amount used and banked in the month from the customer. The positive imbalance volume will be purchased by the Company at the lowest Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Eastern South for the month multiplied by 85%.

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PEOPLES NATURAL GAS COMPANY LLC

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RATE GS-T
GENERAL SERVICE - TRANSPORTATION

RULES AND DELIVERY TERMS (Continued)

A balancing charge will be assessed against each Mcf of gas transported for small and medium general service customers and for large general service customers. This rate will be recalculated in each of the Company's annual 1307(f) gas cost proceedings. The currently effective balancing charges are reflected on Tariff Page Nos. 3 and 4.

The balancing charge will not be assessed if (1) the customer is already paying the standby charge under Rate Schedule GS-SB on the same volumes or (2) if the customer or pool can match its supply and actual consumption on a daily basis in a manner satisfactory to the Company.

15. Backup service is available to customers under this rate schedule only under Rate GS-SB, unless the customer qualifies for service under Rate CER or unless otherwise agreed under paragraph (17) below.
16. The Company reserves the right, as a condition of service under this rate schedule, to require any customer requesting service under this rate schedule to install and bear the costs of enhanced metering capability. The Company also reserves the right to require installation of such metering capability, at the customer's expense, as a condition of continuation of service under this rate schedule.
17. When the customer purchasing service under this rate is using natural gas for generating power or steam for use by third parties, customer and the Company may require a separate (operating) agreement by which the customer and the Company will agree to, among other things, set limits on hourly or daily consumption; require provision of notice of customer's specific plans concerning intent to consume natural gas, the volume that will be used, the time period of which such consumption will occur, and when usage will end; establish criteria for interruption of all or part of customer's planned consumption, whether through transportation or retail service; establish penalties for failure of customer to adhere to agreed-upon usage levels or to interrupt consumption as agreed upon by the parties; agree upon the availability of retail service; and establish and impose any other rules or restrictions necessary to ensure reliable service for all customers.
18. The Company will from time to time make pipeline capacity available for release to transportation customers. Each release transaction will be made in accordance with and subject to applicable pipeline tariff requirements and necessary regulatory requirements.

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PEOPLES NATURAL GAS COMPANY LLC

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RATE GS-T
GENERAL SERVICE - TRANSPORTATION

RATE TABLE

Customer Charge - The Company shall determine the annual consumption of each General Service customer in order to assess the appropriate customer charge.

	\$16.80 <u>26.00</u>	Customer Charge per month per meter for all Residential customers.
	\$22.00 <u>32.14</u>	Customer Charge per month per meter for all NGDC customers consuming less than 500 Mcf annually.
	\$44.00 <u>64.28</u>	Customer Charge per month per meter for NGDC customers with annual consumption equal to or greater than 500 Mcf but less than 1,000 Mcf.
	\$101.00 <u>110.00</u>	Customer Charge per month per meter for NGDC customers with annual consumption equal to or greater than 1,000 Mcf but less than 2,500 Mcf.
	\$145.00 <u>158.00</u>	Customer Charge per month per meter for NGDC customers with annual consumption equal to or greater than 2,500 Mcf but less than 25,000 Mcf.
	\$940.00 <u>987.00</u>	Customer Charge per month per meter for NGDC customers with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf.
	\$1,465.00 <u>1,538.00</u>	Customer Charge per month per meter for NGDC customers with annual consumption equal to or greater than 50,000 but less than 100,000 Mcf.
	\$2,130.00 <u>2,237.00</u>	Customer Charge per month per meter for NGDC customers with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf.
	\$5,630.00 <u>5,912.00</u>	Customer Charge per month per meter for NGDC customers with annual consumption greater than 200,000 Mcf annually.

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PEOPLES NATURAL GAS COMPANY LLC

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RATE GS-T
GENERAL SERVICE - TRANSPORTATION

Delivery Charge, Per Mcf - the delivery charge will be negotiated by the Company and the customer and expressed in the Transportation Agreement.

The following is the maximum charge per Mcf for transportation service:

For Residential Service Customers	\$ <u>5.35376.6359</u>
For Small General Service Customers	\$ <u>3.98445.7095</u>
For Medium General Service Customers	\$ <u>3.69415.2072</u>
For Large General Service Customers with annual consumption greater than 25,000 Mcf but less than 50,000 Mcf	\$ <u>2.63602.9451</u>
For Large General Service Customers with annual consumption greater than 50,000 Mcf. but less than 100,000 Mcf	\$ <u>2.55192.8512</u>
For Large General Service Customers with annual consumption greater than 100,000 Mcf. but less than 200,000 Mcf	\$ <u>2.43352.7189</u>
For Large General Service Customers with annual consumption greater than 200,000 Mcf. but less than 750,000 Mcf	\$ <u>2.49372.4509</u>
For Large General Service Customers with annual consumption greater than 750,000 Mcf. but less than 2,000,000 Mcf	\$ <u>1.90972.1336</u>
For Large General Service Customers with annual consumption greater than 2,000,000 Mcf	\$ <u>1.44311.6123</u>

The following is the maximum charge per Mcf for transportation service for Transitional LGS Customers:

For Large General Service Customers with annual consumption greater than 100,000 Mcf. but less than 200,000 Mcf	\$ <u>1.40121.5655</u>
For Large General Service Customers with annual consumption greater than 200,000 Mcf. but less than 750,000 Mcf	\$ <u>1.17541.3132</u>
For Large General Service Customers with annual consumption greater than 750,000 Mcf. but less than 2,000,000 Mcf	\$ <u>1.17541.3132</u>
For Large General Service Customers with annual consumption greater than 2,000,000 Mcf	\$ <u>1.17541.3132</u>

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PEOPLES NATURAL GAS COMPANY LLC

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RATE GS-T
GENERAL SERVICE – TRANSPORTATION

The delivery charge will be assessed on all volumes at the time of delivery to the customer, including current transportation and storage volumes withdrawn and delivered to the Company. A transportation standby charge will be applicable to all volumes transported under Rate Schedule GS-T for Priority One customers (refer to Rate Schedule GS-SB).

The currently effective gas cost charges under Rider Purchased Gas Costs and all charges under other applicable tariff riders are set forth on the Summary of Rates located on Page No. 3 of this tariff.

LATE-PAYMENT CHARGE

A late-payment charge of 1.50 percent per month for residential customers will be made for failure to make payment in full for all charges billed by the Company within five days after the due date shown on the bill. A late-payment charge of 2.00 percent per industrial customers and 1.50 percent per month for commercial and NGDC customers shall be applied for failure to make payment in full for all charges billed by the Company by the due date shown on the bill. This charge is to be calculated on the overdue portion of the bill, excluding any unpaid late-payment charges. The overdue portion of the bill may include NGS supply charges purchased by the Company under the purchase of receivables provisions set forth in Rate SBS of the Company's Supplier Tariff.

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PEOPLES NATURAL GAS COMPANY LLC

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RATE GS-T
GENERAL SERVICE - TRANSPORTATION

SURCHARGES

All applicable riders to this tariff.

CURTAILMENT

Service under this rate may be curtailed when gas supply shortages force the Company to invoke emergency curtailment provisions pursuant to Tariff Rule No. 17 because gas supply to Priority-One customers is threatened. Under this circumstance, the transportation customer must agree to sell its gas supply to the Company at either the customer's city gate price or at the Company's average gas cost contained in the prevailing 1307(f) rate applicable to that class of customer, whichever is greater, to be used to supply the needs of Priority-One customers.

LIABILITY

1. The Company shall not be liable for disruption of service under this rate or loss of gas of the customer as a result of any steps taken to comply with any law, regulation, or order of any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation, or order.
2. Gas shall be and remain the property of the customer while transported and delivered by the Company. The customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.
3. The Company shall not be liable for any loss to the customer arising from or out of service under this rate, including loss of gas in the possession of the Company or any other cause, except upon gross negligence or willful misconduct of the Company's own employees or agents. The Company reserves the right to commingle gas of the customer with that of other suppliers and customers.
4. The Company will not be liable for disruption along upstream pipelines, or disruption caused by the Company's inability to physically receive the gas.
5. If service furnished pursuant to this rate is disrupted, the Company will notify the customer as soon as it is reasonably practicable. If delivery of volumes is disrupted for any of the above reasons, the Company shall not be liable for delivering said volumes at a later date.

ARRANGEMENT OF INTERSTATE TRANSPORTATION

At the request of a customer, other than an NGDC, the Company will act as its agent for arranging transportation of customer-owned gas by an interstate pipeline(s). The Company will bill the customer the applicable pipeline tariff rate(s) for any interstate transportation billed to the Company in its role as customer's agent for arranging interstate transportation.

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PEOPLES NATURAL GAS COMPANY LLC

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ORIGINAL PAGE NO. 59

RATE GS-SB
GENERAL SERVICE - STANDBY

AVAILABILITY

This service is available to transportation service customers served under Rate GS-T and/or customers who need or use the Company as backup service to service from an alternate supplier.

RULES AND DELIVERY TERMS

Priority-One Transportation Customers

Priority One customers must pay for standby service through a transportation standby charge applicable to all volumes transported under Rate Schedule GS-T. Backup service for Priority-One customers shall be provided pursuant to the applicable retail rate schedules.

Non-Priority-One Transportation Customers

The customer may execute a Standby Contract for a specified monthly volume. The term of the Standby Contract will be a minimum period of not less than one year. Customers that execute a Standby Contract will pay for standby service through a capacity charge applicable to contracted for monthly volumes and through a standby commodity charge applicable to all standby volumes actually purchased under Rate Schedule GS-SB.

Back-up Standby Service

If a customer is using the Company as back-up service to service from an alternative supplier, the Company shall charge the customer the standby service fees set forth in the rate table below. The Company reserves the right to determine when and the level to which a customer is using the Company as a backup supplier. In situations where the alternative supply is from local well production and before the Company provides backup standby service under the terms of this rate schedule, the Company shall have the right to inspect the pipeline and related facilities of the customer and require that the customer install, at its own expense, any necessary equipment to protect the integrity and safe operation of the Company's system.

RATE TABLE

Capacity Charges Applicable under the Rate Schedule:

RS Capacity Charge per Mcf	\$1.8641
SGS Capacity Charge per Mcf	\$1.8641
MGS Capacity Charge per Mcf	\$1.8641
LGS Capacity Charge per Mcf	\$1.8641

Standby Charges for Priority One Transportation Customers

For customers that pay the capacity charge, the Company may release pipeline capacity, the terms of which will be pursuant to the capacity-release terms of the Company's Supplier tariff and this rate schedule.

Priority-One customers who take service under this rate schedule, or their agents, must take assignment of a pro-rata or other agreed upon share of the pipeline and storage capacity and Pennsylvania produced gas supplies ("assigned capacity") that would otherwise be utilized by the Company to meet the customer's service requirements. Assigned capacity shall be subject to recall pursuant to the conditions described in the Company's Supplier Tariff, in which case the Company will provide for the delivery of necessary gas supplies pursuant to the terms of this rate schedule. More specific terms with respect to capacity assignment requirements may be set forth in the Company's Supplier Tariff and in its contracts with Priority One NGSS. However, such additional terms with respect to capacity assignment requirements shall be subject to review in the Company's annual Section 1307(f) proceeding.

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PEOPLES NATURAL GAS COMPANY LLC

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RATE GS-SB
GENERAL SERVICE - STANDBY

RATE TABLE

Standby Charges For Non Priority One Customers With a Standby Contract

Standby volumes delivered to the customer will be billed at the applicable supplier of last resort rates, excluding the pipeline demand component that has been paid through the capacity charge up to the contracted for monthly volumes in the standby contract. Volumes consumed in excess of contracted for volumes will be billed using the imbalance fee formula shown in Rate GS-T, paragraph 13, plus applicable taxes.

Customers Using The Company as a Back-up Supplier

Any customer using the Company as back-up service to service from an alternative supplier shall be subject to the charges set forth below. The following charges shall be assessed in lieu of any other standby charges applicable under this rate schedule.

Monthly Capacity Charge – In order to recover demand related purchased gas costs incurred by the Company, the customer shall be charged a monthly capacity charge equal to the customer's projected annual natural gas usage divided by twelve and multiplied by the capacity charges set forth above in this Rate Table. The projected annual natural gas usage shall reflect the estimated volumes assuming that all of the customer's natural gas consumption is served by the Company. The Company may waive this fee if the customer is receiving gas supplies from a NGS and the customer can demonstrate that its NGS has agreed to serve its peak day usage requirements. This charge will be assessed instead of the Capacity Charge applicable under other rate schedules.

Standby Customer Charge – In order to recover the fixed non-purchased gas charges incurred by the Company, the customer shall be charged a standby customer charge on a monthly basis. The standby customer charge shall be the monthly Customer Charge otherwise applicable under other rate schedules.

SURCHARGES - All applicable riders to this tariff.

LATE-PAYMENT CHARGE

A late-payment charge of 1.50 percent per month for residential customers will be made for failure to make payment in full for all charges billed by the Company within five days after the due date shown on the bill. A late-payment charge of 1.50 percent per month for commercial and NGDC customers and 2.00 percent for industrial customers will be made for failure to make payment in full for all charges billed by the Company by the due date shown on the bill. This charge is to be calculated on the overdue portion of the bill, excluding any unpaid late-payment charges.

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EFFECTIVE: May 26, 2026

PEOPLES NATURAL GAS COMPANY LLC

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RATE MLS
MAINLINE SERVICE RATE

APPLICATION

For customers throughout the territory served under this Tariff.

REQUIREMENTS

Available at one location, for the total requirements of a commercial or industrial customer when: (i) the customer does not take service under any other rate schedule; (ii) the Customer meets either one of the following qualifications:

- a) the Customer has annual throughput requirements greater than 500,000 mcf and is within 1,000 feet of an Interstate pipeline supplier of the Company;
or
- b) the Customer has annual throughput requirements of greater than 500,000 mcf and is located within 1,000 feet of PNG Transmission class pipeline facilities.

Customers who take service under this rate schedule are entitled to firm retail gas service from the Company.

RATE

Customers being served with this rate schedule shall have all applicable riders and surcharges applied except for DSIC.

The rate information is detailed in the Rate Summary pages of this Tariff.

The applicable Distribution Charge for all distribution quantities shall be determined based upon the Customer Charge group in which the Customer is placed, as established annually.

The Distribution Charge may be flexed in accordance with the Flexible Rate Provisions set forth in the Rules and Regulations of this Tariff.

Delivery Charge per Mcf (if within 1,000 feet of a PNG transmission line)	\$0.74307470
Delivery Charge per Mcf (if within 1,000 feet of an interstate pipeline)	\$0.44224446

DETERMINATION OF CUSTOMER CHARGE

The Customer Charge will be determined based upon the customer's actual throughput quantities, including sales and distribution if the customer previously contracted for distribution service, measured in 1,000 cubic feet of gas (mcf), for the twelve most recent billing cycles ending with the October billing cycle annual consumption review.

If a customer does not have sufficient consumption history to determine its Customer Charge based on twelve months, the Customer Charge will be developed by annualizing the consumption history available. In the instance where a customer has no consumption history, the Company will request the customer to submit estimated annual gas requirements, upon which to develop the Customer Charge. The Company in all cases retains the right to review and modify the customer's estimate where necessary. A customer's Customer Charge will remain constant annually, subject to change as of the January billing cycle of each year.

In all cases, the Company reserves the right to review the Customer Charge and, upon receipt of satisfactory proof, to adjust the Customer Charge to reflect the installation and use of energy efficient gas burning equipment, or the implementation of energy conservation practices or measures, which results in a measurable permanent change in the customer's requirement or consumption.

MAIN LINE EXTENSION DEPOSIT INSTALLMENT PLAN

Applicants eligible for Rate Schedule MLS who have entered into an agreement with the Company to make payments for a main line extension pursuant to the Payment Period of Deposit paragraph in the Connections for Service – Extension of Facilities section of Rule 4. Extensions of these Rules and Regulations Governing the Distribution and Sale of Gas, will have the installment amount included in the cyclical bill for service issued by the Company. The installment amount will be added to the Customer Charge for the duration of the installment payment plan.

MINIMUM CHARGE

The minimum charge shall be the Customer Charge. In the event of curtailment in the delivery of gas by the Company or complete or partial suspension of operation by the customer due to strikes, fires, floods, explosions or other similar casualties, the Customer Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service or complete or partial suspension of operation bears to the number of days in the billing period.

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PEOPLES NATURAL GAS COMPANY LLC

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RATE MLS
MAINLINE SERVICE RATE

STATE TAX ADJUSTMENT SURCHARGE

The charges described in this rate schedule are subject to a State Tax Adjustment Surcharge as set forth in the tariff.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

~~Rate MLS is subject to a Distribution System Improvement Charge as specified within Rider DSIC of this Tariff.~~

RIDER PGC

The Pass-through Charge and Gas Supply Charge in this rate schedule include recovery of purchased gas costs pursuant to the Purchased Gas Cost Rider as set forth in this Tariff.

RETAINAGE

The retainage rate for MLS customers shall be the greater of the actual lost and unaccounted for gas percentage on the facilities used by each MLS customer (if available) or 1%. If the actual lost and unaccounted for gas percentage on the facilities used by each MLS customer is not available, the retainage rate shall be the Distribution UFG percentage per the most recently filed UFG report with the PA Public Utility Commission.

TERMS OF PAYMENT

Bills for sales service will be rendered monthly and are due and payable upon presentation. All bills shall be paid on or before the final date of payment shown on the bill, which date shall not be less than twenty (20) days after presentation (date of postmark).

If the customer fails to pay the full amount of any bill, a delayed payment penalty charge of one and one half percent (1 1/2%) per billing cycle shall accrue on the portion of the bill that is unpaid on the due date.

SPECIAL PROVISIONS APPLICABLE TO ALL MLS CUSTOMERS

1. Customers desiring to transfer to or from this rate schedule must notify the Company in writing. Transfers to or from this rate schedule will be allowed only if:
 - a) the Company can obtain any increase or decrease in its gas supplies, pipeline capacity and storage capacity, or any combination thereof that is required to accommodate such change; or
 - b) the Company, in its sole judgment, concludes that no increase or decrease is required. The Company shall establish the date any transfer is to be effective.
2. Energy usage eligibility for this rate schedule shall be determined annually. In the event Customer's annual purchases are less than or equal to 500,000 mcf, the customer shall be transferred to either Rate LGS effective the immediately ~~preceding~~ succeeding January billing cycle per the annual consumption review.
3. New customers or existing customers requesting a transfer to this Rate Schedule shall be permitted to take service under this Rate Schedule only if:
 - a) the Company can obtain an increase in its firm pipeline capacity with an interstate pipeline having delivery points on the Company's system where the customer's facility is located, that is required to accommodate such transfer; or
 - b) the Company, in its sole judgment, concludes that no increase in the Company's pipeline capacity under an interstate pipeline firm rate schedule or any successor rate schedule is required. The Company shall establish the date any transfer is to be effective.
4. In the event the Customer receives a bona fide offer from another entity to provide natural gas service, Customer must provide the competing offer to the Company at least six months prior to terminating service with the Company. The Company may choose to match the terms and conditions of the competing offer. The Company will notify the Customer of its decision at least forty-five (45) days prior to the Customers termination date with the Company.

RULES AND REGULATIONS

The Rules and Regulations Governing the Distribution and Sale of Gas of this Tariff, which are not inconsistent with the provisions of this rate schedule, shall govern, where applicable, the supply of distribution service under this rate schedule.

WAIVER

The Company reserves the right to waive the customer charge per meter for additional meters. An example of when this charge may be waived is if the Company determines that such meters have been installed principally and primarily for the Company's convenience and not due to the load characteristics of the customer.

ISSUED: **March 27, 2026**

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PEOPLES NATURAL GAS COMPANY LLC

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RATE NGPV

NATURAL GAS POWERED VEHICLES

AVAILABILITY

This rate schedule applies to use of natural gas retail or transportation service as a motor vehicle fuel to the operator of a public or private fueling station.

RULES AND DELIVERY TERMS

If transportation service is provided hereunder, the applicable rules and delivery terms under rate schedule GS-T apply.

RATES

Retail or Transportation service provided to an operator of a public fueling station, shall be made pursuant to a contract for service under this rate schedule. The contract may provide for a negotiated customer charge and either a fixed commodity charge or a methodology for determining the commodity charge.

If retail service is provided hereunder, the negotiated rate shall be no lower than the Company's average cost of gas, as determined from the Company's Section 1307(f) gas cost calculation. Any gas cost revenue collected as a result of providing retail service under this rate schedule will be reflected in the Company's 1307(f) mechanism.

Gas purchased under this rate schedule shall be separately metered and not used interchangeable with gas purchased under any other schedule.

SURCHARGES

All applicable riders to this tariff.

LATE PAYMENT CHARGE

A late-payment charge of 1.50 percent shall be applied for failure to make payment in full, for all charges billed by the Company, by the due date shown on the bill.

RULES AND REGULATIONS

The Company's Rules and Regulations in effect from time to time, where not inconsistent with any specific provision hereof, are a part of this rate schedule.

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PEOPLES NATURAL GAS COMPANY LLC

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RATE APPALACHIAN GATHERING SERVICE

AVAILABILITY

Service under this rate schedule is available to any party desiring to transport gas through the gathering system, as well as to deliver gas directly into the Company's distribution and transmission system*, provided that:

- (1) a Master Interconnect and Measurement Agreement ("MIMA") has been executed between the Company and the party; and
- (2) the party is in compliance the MIMA, the provisions of this Rate Schedule and with all other provisions of this Tariff.

RATES

†The gathering rate is \$0.~~24~~29 per Mcf, plus applicable retainage**.

If a conventional producer adds incremental conventional production to the Peoples' system, that producer's incremental production shall qualify for a reduced Rate AGS fee equal to 50% of the effective monthly Rate AGS fee.

Incremental conventional production is any conventional production that is not connected to the Company's facilities as of June 15, 2019 and shall not include any existing production delivered to Peoples' system and subsequently acquired by the producer from any other producer. Incremental conventional production shall also include increased production volumes from existing conventional wells as a result of well stimulation or similar actions. The level of incremental production volumes from existing wells shall be determined by the Company based on supporting information provided to the Company by the producer.

Gathering of natural gas from unconventional sources, including but not limited to, horizontally drilled Marcellus and Utica shale gas and landfill gas, shall be negotiated and agreed to within the MIMA.

TERM

†The terms for gathering service shall be ~~a-setset~~ forth in the MIMA.

CHARACTER OF SERVICE

The Company's only obligation under this Rate Schedule shall be to receive gas from any gathering receipt point and to permit that gas to flow against the existing pressure in the Company's facilities. Peoples shall not be obligated to lower such line pressure by compression or otherwise to accommodate receipts from local Appalachian producers under this Rate Schedule.

Service under this Rate Schedule shall be subject to Operational Flow Orders pursuant to Item 24 of the Rules and Regulations of this Tariff. Nothing in this Rate Schedule shall limit the Company's right to interrupt service or to take other action as may be required to alleviate conditions, which threaten the integrity of its system.

* This applies to production into both the former Peoples Natural Gas Division and the former Peoples Gas Division.

** The current applicable retainage rate is 2.61% for all conventional production and is negotiable for unconventional production.

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PEOPLES NATURAL GAS COMPANY LLC

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RATE GL - GAS LIGHTS

APPLICABILITY

This rate shall be applicable throughout the territory served by the Company.

AVAILABILITY

Available for any gas lighting where the gas is not measured by meter.

USAGE

Consumption per light will be assumed at:

Residential 1.8 Mcf/Month
Commercial and Industrial 2.8 Mcf/Month

These volumes will be billed monthly under the customer's otherwise applicable rate schedule.

SURCHARGES AND RIDERS

Customers served under this rate schedule are subject to Rider Distribution System Improvement Charge (DSIC) except that the DSIC rate may be reduced or eliminated for any customer with competitive alternatives or negotiated contracts.

SPECIAL TERMS AND CONDITIONS

Gas will be supplied only to lamps furnished, erected, and maintained by the customer and equipped with devices satisfactory to the Company. Consumption and billing will be assumed to be continuous until customer notifies Company that gas light(s) has been permanently shut off and Company verifies to its satisfaction that service has been disconnected. Company may require gas lights to be metered except in instances where it is not economically feasible or is otherwise impractical, to be determined solely at the discretion of the Company.

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PEOPLES NATURAL GAS COMPANY LLC

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RATE CER
COMPETITIVE ENERGY RATE

AVAILABILITY

This Rate Schedule CER - Competitive Energy Rate is a firm service available in the Company's sole discretion to residential, commercial, and industrial customers who would not request service from the Company but for the availability of service under this rate and whose competitive options are not solely limited to other NGDCs.

RULES AND DELIVERY TERMS

Any qualified customer taking service under this Rate Schedule shall do so by agreement.

The agreement shall set forth the percentage of consumption to be made available under this rate schedule. Volumes taken by the customer in excess of the percentage specific on this contract shall be billed at applicable retail rates.

The magnitude of service hereunder shall not exceed that service replaced or subject to replacement.

RATE

The rate will be negotiated between the customer and the Company and may be subject to periodic redetermination. The negotiated rate shall be no lower than the Company's commodity cost of gas at the time the contract is negotiated, as determined from the Company's Section 1307(f) gas cost calculation.

SURCHARGES

All applicable riders to this tariff.

LATE-PAYMENT CHARGE

A late-payment charge of 2 percent per month for industrial customers and 1.50 percent for commercial customers will be made for failure to make payment in full, for all charges billed by the Company, by the due date shown on the bill. A late-payment charge of 1.50 percent per month for residential customers will be made for failure to make payment in full within five days after the due date shown on the bill. This charge is to be calculated on the overdue portion of the bill, excluding any unpaid late-payment charges.

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PEOPLES NATURAL GAS COMPANY LLC

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RIDER
STATE TAX SURCHARGE

There shall be added to gas bills rendered by the utility for retail gas service a surcharge percent applied to the delivery charge under all rate schedules served by this tariff to reflect changes and new taxes imposed by the General Assembly. The currently effective surcharge percentage is reflected on Tariff Page Nos. 3 and 4.

The Company will recompute the surcharge (i) whenever any of the state tax rates upon which the surcharge is computed are changed and (ii) as of March 31 of every year. The recomputation shall take into account the changed state tax rates as prescribed by the Commission (Policy Statement at 52 Pa. Code § 69.52) in the following manner:

- 1) Capital Stock Tax ("CST"): To determine the amount to be recovered, the Company shall multiply the change in the CST tax rate by the CST value as reported in the most recent CST return filed with the Department of Revenue.
- 2) Corporate Net Income Tax ("CNIT"): To determine the amount to be recovered, the Company shall multiply the change in the CNIT tax rate by the taxable income reported in the most recent CNIT return filed with the Department of Revenue. Pursuant to Docket No. R-2023-3044549, impacts of change in the CNI rate should not be adjusted for as the company did not recover state taxes in the referenced proceeding.
- 3) Public Utility Realty Tax ("PURT"): To determine the amount to be recovered, the Company shall calculate the difference between the PURT liability as stated in the most recent Notice of Determination issued by the Department of Revenue and the current amount of PURT recovered in base rates.

Every recomputation made pursuant to the above paragraph shall be submitted to the Commission within ten (10) days after the occurrence of the event or effective date of such state tax rate change, which occasioned such recomputation. If the recomputed surcharge is less than the one then in effect then the Company will, and if the recomputed surcharge is more than the one then in effect then the Company may, accompany such recomputation with a Tariff or Supplement to reflect such recomputed surcharge - the effective date of which shall be ten (10) days after filing.

SPECIAL PROVISION – This Rider shall not apply to Customers receiving discounted retail or discounted transportation service.

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PEOPLES NATURAL GAS COMPANY LLC

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RIDER
PURCHASED GAS COST (1307(f) RATES)

COMPUTATION OF PURCHASED GAS COSTS

The purchased gas cost rates for Residential, Commercial, and Industrial Service customers shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below:

$$\text{Demand} = \frac{DC - B - R - DOU}{S + P1AC + SBC}$$

$$\text{Commodity} = \frac{CC}{S + SBR}$$

$$\text{Over/Under Collection} = \frac{E}{S + SBR}$$

(For definitions of "DC", "CC", "E", "S", "SBC", "SBR", "NP1", "P1AC", "R", "B", and "DOU" refer to Section below this rider).

The currently effective purchased gas cost rates are reflected on Tariff Pages 3 and 4.

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PEOPLES NATURAL GAS COMPANY LLC

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RIDER
PURCHASED GAS COST (1307(f) RATES)

DEFINITIONS

- "DC": The projected demand or capacity cost of purchased gas.
- "CC": The projected commodity cost of purchased gas.
- "DOU": Experienced net overcollection or undercollection of the demand or capacity cost of purchased gas, including any interstate pipeline refunds of demand costs. Any changes in demand costs will be reflected in this calculation.¹
- "E": Experienced net overcollection or undercollection of the commodity cost of purchased gas¹.
- "S": Projected retail sales in Mcf during the application period.
- "NP1": Projected volumes in Mcf for NP-1 transportation customers and any customer served by a NP-1 Supplier.
- "P1AC": Projected volumes in Mcf for P-1 transportation customers who are assigned capacity.
- "SBC": Projected contracted standby volumes in Mcf by NP-1 transportation customers.
- "SBR": Projected retail commodity standby volumes in Mcf.
- "R": Shared (savings) or costs for demand charge recovery from the capacity-release program.
- "B": Balancing recovery.

"Projected" refers to the twelve-month period beginning with October 1 of the year that the calculation is made.

ADJUSTMENT TO BASE RATES

Whenever a change occurs in the calculation rates for collection of purchased gas costs, a corresponding change will occur in the base rates of applicable rate schedules.

SUPPLIER REFUND

Supplier refunds will be included in the calculation of current period gas costs and will be reflected in the month such refund is received by the Company. Interest beyond that included from the supplier is not applicable.

FILING WITH THE COMMISSION

The Company shall meet all the filing requirements set forth in the regulations implementing Section 1307(f) of the Public Utility Code.

REPORTING REQUIREMENTS

The Company shall file quarterly reports within thirty (30) days following the conclusion of each computation year quarter. These reports will be in such form as the Commission shall have prescribed.

1Interest will be applied in accordance with the applicable law.

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PEOPLES NATURAL GAS COMPANY LLC

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RIDER
TRANSITION COST RECOVERY MECHANISM

1. This Rider establishes a mechanism for the recovery of nongas transition costs from the Company's customers, except to the extent that a customer uses transportation service under Rate GS-T for the delivery of gas transported solely on intrastate pipeline facilities. Nongas transition costs are defined as pipeline gas supply realignment costs and stranded costs.
2. For purposes of nongas transition costs recovery, the Company will assign its recoverable transition costs and any reconciliations of transition costs between two groups of customers--those customers whom the Company designates as "competitive" and those customers whom the Company designates as "noncompetitive." For purposes of this recovery mechanism, competitive customers shall include all customers to whom the Company charges less than its maximum tariffed retail or transportation rates in order to gain or maintain the customers' patronage in the face of competitive pressures. For purposes of this recovery mechanism, noncompetitive customers shall include all of the Company's customers who are not competitive.
3. The assignment of nongas transition cost responsibility to the Company's competitive customers shall be equal to that portion of the revenues that those customers contribute under the Company's program for the release of firm transportation pipeline capacity as set forth in this tariff, and that is designated, either through prearrangement or open bidding, as "transition costs." Notwithstanding the foregoing, the Company may charge a volumetric surcharge to competitive customers. Any additional recovery from competitive customers shall be credited against the nongas transition costs allocated to the Company's noncompetitive customers. The assignment of transition cost responsibility to the Company's noncompetitive customers shall be equal to the difference between the Company's total nongas transition cost liability and the amount of that liability that is allocated to competitive customers.
4. A surcharge for the recovery of nongas transition costs from noncompetitive customers will be recalculated every three months, with the recalculations to be effective on or around January 1, April 1, July 1, and October 1 of each year. The Company will file the January 1, April 1, and July 1 recalculations on one day's notice to the Commission, and these filings are referred to in this rider as the "quarterly recalculation," and will file the October 1 recalculation on thirty days' notice to the Commission.
5. The surcharge will be designed to recover (a) those nongas transition costs that have been billed to the Company by interstate pipelines and (b) those costs that have been approved by the Federal Energy Regulatory Commission to be billed to the Company during the 12-month period following the surcharge filing date.
6. At the time of each quarterly recalculation of the surcharge, the Company will reconcile its actual billed costs over the three-month period that ends one month prior to the filing of the recalculation against the costs that had been projected for that same period and will incorporate the reconciliation within its recalculations; however, no adjustment will be made to reflect variations in billed throughput during such periods. The Company will accompany its recalculation of the surcharge that will become effective on October 1, 1994, with a reconciliation of actual transition cost revenues recovered from the Company's customers from the effective date of the surcharge through July 31, 1994, against the revenues projected to have been recovered over the same period, including adjustments to reflect volumetric variations. The Company will accompany its recalculations of the surcharges that will become effective on or around each October 1 after 1994 with a reconciliation of actual transition cost revenues recovered from its customers over the 12 months ending July 31 of the particular year against the revenues projected to have been recovered over the same 12-month period.

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PEOPLES NATURAL GAS COMPANY LLC

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RIDER
TRANSITION COST RECOVERY MECHANISM

7. The Company will reduce the recoverable nongas transition costs allocated to its noncompetitive customers by the portion of the revenues that those customers are projected to contribute under the Company's program for the release of firm transportation pipeline capacity as set forth in this tariff and that is designated, either through prearrangement or open bidding, as transition costs. The Company will calculate the unit surcharge rates applicable to noncompetitive customers by dividing the recoverable nongas transition costs allocated to them, net of any reconciliations (including any additional nongas transition costs recovered by the Company from competitive customers under paragraph 3), and net of capacity release revenues as described in this paragraph, by the retail and transportation volumes projected to be consumed by noncompetitive customers, exclusive of those volumes of Pennsylvania-produced natural gas supplies transported by noncompetitive customers.
8. The surcharge rates applicable to noncompetitive customers are as follows:

Retail	\$0.0000/Mcf
Transportation	\$0.0000/Mcf

The surcharge rates, if any, applied to competitive customers will be determined on an individual customer basis.

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RIDER SUPPLIER CHOICE

This Rider has been established to recover costs associated with Supplier Choice. The initial filing includes costs related to implementation and administration of the Account Number Access Mechanism per the Commission's Final Order at Docket No. M-2015-2468991 entered June 30, 2016 and costs associated with the implementation and administration of the Supplier Bill in accordance the Commission's Final Order entered August 20, 2015 at Docket No. M-2015-2474802.

The charges assessed per this rider shall be assessed to customers served under rate schedules RS, Commercial SGS, Industrial SGS, Rate GS-T – Residential, Rate GS-T Commercial SGS, and Rate GS-T Industrial SGS. Charges assessed per this rider shall not be applicable to customers served in the Company's CAP or Pilot E-CAP (E-CAP) program.

The Company shall provide a reconciliation of actual costs with actual revenues recovered under Rider – Supplier Choice for the twelve month period ended August 31. The rate will be adjusted annually for the resulting over/undercollection to be effective October 1.

Application of the Supplier Choice Charge shall be subject to review and audit by the Commission at intervals that it shall determine. The Commission shall review the level of charges produced by the Supplier Choice Charge and the costs included therein.

No interest shall be included in the Supplier Choice Charge.

The Supplier Choice Rider shall become effective upon Commission approval and shall remain in effect until otherwise directed by the Commission and until the final reconciliation statement is approved and charges fully recovered.

The currently effective Supplier Choice Charge per Month is reflected on Tariff Page Nos. 3 and 4.

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PEOPLES NATURAL GAS COMPANY LLC

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RIDER
MERCHANT FUNCTION CHARGE (MFC)

The Merchant Function Charge (MFC) shall be added to the gas cost charges applicable under rate schedules Rate RS, Rate SGS, Rate MGS, LGS and GS-T. The gas costs charges include the Capacity Charge, Gas Cost Adjustment Charge and Commodity Charge.

The MFC shall be updated quarterly effective with each 1307(f) rate change. The write-off factor used to calculate the quarterly MCF shall only be determined in a base rate case filing.

For residential customers receiving service under Rate RS and Rate GS-T, the MFC shall equal the write-off factor of 2.2001.9300% times the gas cost charges as set forth in Peoples' Rider Purchase Gas Cost. The current MFC applicable to Rate RS customers is shown on Tariff Page Nos. 3 and 4.

For Small, Medium, and Large General Service customers receiving service under Rate SGS, MGS, LGS and Rate GS-T, the MFC shall equal the write-off factor of 0.3320.4233% times the gas cost charges as set forth in Peoples' Rider Purchase Gas Cost. The current MFC applicable to these customers is shown on Tariff Page Nos. 3 and 4.

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PEOPLES NATURAL GAS COMPANY LLC

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RIDER
UNIVERSAL SERVICE

This rider shall be applicable to all residential customers except for any residential customer served in the Company's Customer Assistance Program (CAP). This rider recovers costs related to the Company's universal service programs.

The charges assessed per this rider shall be assessed to residential customers served under rate schedules Rate RS and Rate GS-T. Charges assessed per this rider shall not be applicable to customers served in the Company's CAP or Pilot E-CAP (E-CAP).

The currently effective Rider Universal Service Charge is reflected on Tariff Page Nos. 3 and 4.

Costs related to the following universal service programs shall be calculated and recovered per this rider: CAP; Low Income Usage Reduction Program (LIURP); ~~Community Partnership for Weatherization; and the~~ Emergency Furnace and ~~Houseline Service Line~~ Repair Program; Customer Assistance Referral and Evaluation Services (CARES) and third-party costs associated with the Independent Evaluation of universal service programs, as required by the Pennsylvania Public Utility Commission's Bureau of Consumer Services requirement to submit such evaluation on a recurrent basis.

CAP Costs will be calculated to include the following components:

1. Projected CAP Credit – The difference between the total Rate RS bill, excluding Rider Universal Service, and the CAP or E-CAP payment amount which is comprised of the sum of the percentage of income payment or minimum bill, whichever is greater. The projected CAP Credit shall be calculated based on current rates, current CAP or E-CAP payment amounts and projected normalized annual volumes for CAP and E-CAP participants. Separate CAP credit costs will be calculated for: 1) current active CAP and E-CAP participants; and 2) the projected average net change in the number of CAP and E-CAP participants for the projected quarter.
2. Pre-Program Arrearage Forgiveness – Projected CAP and E-CAP pre-program arrearage forgiveness costs for the projected annual period.

Costs for the LIURP and Emergency Furnace and Houseline Repair programs will be calculated based on the projected number of eligible participants for the projected annual period. Recoverable CAP credit and arrearage forgiveness amounts will be reduced by 4.71.93% times the average CAP credit and arrearage forgiveness of existing CAP customers times the incremental number of CAP participants in excess of ~~30,800-39,010~~ CAP customers. Historical payment statistics will be utilized in the development of projected CAP credit and arrearage forgiveness amounts. Third party costs for the purposes of CAP administration will be included in the calculation of the Rider.

The applicable unit for this rider shall be determined by dividing the total costs universal service plan costs by the annual projected non-CAP residential volumes established in the most recent 1307(f) gas cost recovery proceeding. For bill display purposes, the unit rate calculated under this rider shall be included in a single delivery charge that also includes the residential delivery charge set forth in rate schedules Rate RS and Rate GS-T.

QUARTERLY ADJUSTMENT

Effective with each quarterly 1307(f) gas cost change, the unit rate under this rider shall be recalculated to reflect current cost data for the cost components outlined above. The updated rate will be filed to be effective one day after the filing.

ANNUAL RECONCILIATION

As part of the quarterly adjustment filing effective on April 1 of each year, the Company shall include a reconciliation of actual revenues recovered under Rider Universal Service and actual universal service costs incurred for the twelve month period ended ~~December 31~~ September 30. The resulting over/undercollection will be included in the quarterly Rider Universal Service rate adjustment to be effective ~~April 1~~ January 1.

ISSUED: March 27, 2026

EFFECTIVE: May 26, 2026

PEOPLES NATURAL GAS COMPANY LLC

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RIDER
GAS PROCUREMENT CHARGE

For bill presentment purposes, the Gas Procurement Charge (GPC) shall be added to the Commodity Gas Cost Charge applicable to sales rate schedules Rate RS, Rate SGS, Rate MGS, Rate LGS and any other applicable sales service rate schedule under this tariff.

Recoverable Costs

The GPC shall include gas procurement costs incurred by the Company solely on behalf of its sales service customers. The GPC shall exclude any costs recovered through Rider Purchased Gas Cost - 1307(f) gas cost recovery mechanism. The GPC shall exclude any gas procurement costs incurred by the Company in support of transportation or shopping customers or programs.

Recalculation of the GPC

The costs to be included in the GPC shall be calculated in accordance with Commission regulations and shall be determined and updated in each base rate case filed by the Company. The GPC shall not be subject to reconciliation for any prior-period or over-or-under collections.

The currently effective Rider GPC Charge is reflected on Tariff Page No. 3.

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EFFECTIVE: May 26, 2026

PEOPLES NATURAL GAS COMPANY LLC

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RIDER
TAX REPAIRS SURCREDIT (TRS)

Pursuant to Docket Nos. P-2020-3021191, A-2021-3029831 and A-2021-3029833, as amended at Docket No. R-2023-3044549, there shall be a surcredit of negative 0.6146% applied to the customer charge and the base rate delivery charge under all rate schedules served by this tariff. Any customer receiving a discounted flexible delivery charge rate will not be eligible for the surcredit.

Purpose: The purpose of this surcredit is to refund, over a ten-year period beginning ~~January 1, 2025~~ August 1, 2021, the tax benefits of certain catch-up tax deduction resulting from the Company's defining its unit of property under the Internal Revenue Service's Treasury Regulations 1.263(a)-3 and 1.162-4 and IRS Rev. Proc. 2023-15. Specifically, the surcredit shall reflect:

- o the difference between federal and state income tax depreciation claimed versus the repair deductions that would have been claimed for the tax years ended December 31, 2012 through March 15, 2020 for Peoples Natural Gas Company, net of amounts refunded prior to January 1, 2025;
- o the difference between federal and state income tax depreciation claimed versus the repair deductions that would have been claimed for the tax years ended December 31, 2013 through December 31, 2020 for the former Peoples Gas Company;
- o the difference between federal and state income tax depreciation claimed versus the repair deductions that would have been claimed for mandatory relocation projects for the tax years ended December 31, 2012 through December 31, 2021 for Peoples Natural Gas Company; and December 31, 2013 through December 31, 2021 for the former Peoples Gas Company.
- o the amortization of excess deferred taxes that are no longer protected under the IRS normalization rules due to the change in tax accounting methods.
- o adjustments to reflect reduced state income tax benefits resulting from changes to the state Corporate Net Income Tax rate.

Effective Date: Beginning with service rendered January 1, 2025.

Calculation: The annual amount of the surcredit will be approximately \$3.9 million, equal to 100% of the tax benefit from the afore-mentioned items of approximately \$473.7 million refunded over a ten-year period.

Reconciliation: In accordance with Section 1307(e) of the Public Utility Code, the Company shall provide a reconciliation of the amount refunded and one-tenth of the projected tax benefit of the afore-mentioned items for the twelve-month period ended December 31. The rate will be adjusted annually for the resulting over/undercollection to be effective April 1. The annual reconciliation will be filed by March 21 for the preceding calendar year.

Interest on over or under collections shall be computed monthly at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, et seq.) from the month that the over or under collection occurs to the mid-point of the recoup or refund period.

This surcredit will remain in place for eleven years (ten years of refund period and one year for a final reconciliation period). In the final year, the Company also shall include the difference between the actual tax benefits received and the projected tax benefits previously reflected in calculating the surcredit, as provided by the Order at Docket No. P-2020-3021191. Any over or under ratepayer surcredit amounts remaining at the end of year eleven shall be flowed through to Customers in the Company's next quarterly 1307(f) gas cost filing. Within 60 days of termination of the distribution of the rate credit, the Company shall file with the Commission and provide a copy to all parties to Docket No. P-2020-3021191, A-2021-3029831 and A-2021-3029833, as amended at Docket No. R-2023-3044549 a final reconciliation of all surcredit amounts.

Upon determination that this surcredit, if left unchanged, would result in a material over or under collection, the Company may file with the Commission, on at least 10 days' notice, for an interim revision of this surcredit.

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EFFECTIVE: May 26, 2026

PEOPLES NATURAL GAS COMPANY LLC

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RIDER
WEATHER NORMALIZATION ADJUSTMENT (WNA)

APPLICATION AND PURPOSE

A Weather Normalization Adjustment ("WNA") shall be applied to Residential, Commercial SGS, and Commercial MGS customers receiving service under Rate Schedules RS, CAP, SGS, and MGS for bills rendered during the heating season of October 1st through May 31st.

WNA is a distribution charge adjustment and is considered a basic service charge.

Calculated WNA amounts shall be subject to Rider DSIC, Rider STAS, Rider Tax Repairs Surcredit, and Rider TCJA. No additional riders or surcharges will be applied to the calculated WNA.

CALCULATION

The WNA will be applied to bills rendered October 1st through May 31st and shall be calculated on a customer account specific basis in accordance with the formula below:

$$\begin{aligned} \text{WNBM} &= \text{BLMM} + [(\text{NHDD} \pm (\text{NHDD} \times 3\%)) / \text{AHDD}] \times (\text{AMUM} - \text{BLMM}) \\ \text{WNAM} &= \text{WNBM} - \text{AMUM} \\ \text{WNAM} &= \text{WNAG} - \text{WNAM} \times \text{Distribution Charge} \end{aligned}$$

- a) Weather Normalized Billing Mcfs ("WNBM") will be calculated as the Base Load Monthly Mcfs ("BLMM") added to the product of the [Normal Heating Degree Days ("NHDD"), adjusted for a 3% deadband, divided by the Actual Heating Degree Days ("AHDD")] and the [Actual Monthly Usage Mcfs ("AMUM") less the BLMM]. Weather Normalized Billing Mcfs (WNBM) will only be calculated if the AMUM exceeds the BLMM. WNA will not be applicable for the billing period if AMUM is less than the BLMM.
- b) BLMM shall be established for each customer by averaging the actual daily consumption from the billing system, measured in Mcf, for service rendered July 1st thru August 31st of the most recent period.
- c) AMUM shall be measured for each customer and billing cycle.
- d) NHDD shall be based upon the heating degree days utilized to develop the revenue requirement in the Company's general rate case proceeding at Docket No. R-[2023-3044549-2026-3060855](#). NHDD shall be updated in future general rate case proceedings.
- e) AHDD shall be the actual experienced heating degree days during the billing cycle days for the customer based upon experienced actual temperatures as reported by the National Oceanic and Atmospheric Administration (NOAA) for weather stations utilized by the Company for the area.
- f) AMUM will be subtracted from the WNBM to compute the Weather Normalized Adjustment Mcfs ("WNAM").
- g) A deadband of 3% shall apply. The WNA for a billing cycle will apply only if the AHDD for the billing cycle are lower than 97% or higher than 103% of the NHDD for the billing cycle.
- h) The WNAM shall then be multiplied by the applicable Rate Schedule Distribution Charge based on service rendered to compute the WNA amount that will be charged or credited to each Residential, SGS, and MGS customer receiving service under Rate Schedules RS, CAP, SGS, and MGS.

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PEOPLES NATURAL GAS COMPANY LLC

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RIDER
WEATHER NORMALIZATION ADJUSTMENT (WNA)

- i) In the event a customer's bill needs to be canceled and rebilled at any time, the WNA will be recalculated using the most recently available data for the billing period. In some cases, updates in data used in the calculation, may result in a different WNA for the billing period.
- j) WNA amounts will be displayed as a separate line item on the customer's bill.
- k) The WNA adjustment for bills rendered in May will not exceed 100% percent of the billed distribution amount (delivery charge amount plus customer charge amount) for that same period.
- l) The Company will file a report annually with the Commission on or before September 1st for the 12-month period ending June of the same year. The filing will contain WNA details as defined in the Company's most recent general rate case proceeding.

ISSUED: March 27, 2026

EFFECTIVE: May 26, 2026

PEOPLES NATURAL GAS COMPANY LLC

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RIDER
Distribution System Improvement Charge (DSIC)

In addition to the net charges provided for in this Tariff, a charge of 3.570.00% will apply consistent with the Commission Order dated May 23, 2013 at Docket No. P-2013-2346161 approving the DSIC.

Purpose: To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

Eligible Property:

- Gathering Lines (account 332);
- Storage Lines (account 353);
- Transmission Lines (account 367);
- Piping (account 376);
- Couplings (account 376);
- Gas service lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (accounts 334,369,381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs (accounts 303, 387, 391.02 and 392)

Effective Date: The DSIC will become effective for bills rendered on and after 7/1/2013.

Computation of the DSIC

The initial DSIC, effective July 1, 2013, shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rates or rate base and will have been placed in service during the (*three-month period ending one month prior to effective date*). Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month period ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

Effective Date of Change	Date to which DSIC-Eligible Plant Additions Reflected
July 1	March 1 through May 31
October 1	June 1 through August 31
January 1	September 1 through November 30
April 1	December 1 through February 28

Determination of Fixed Costs: The fixed costs of eligible distribution system improvements will consist of depreciation and pre-tax return, calculated as follows:

- 1. Depreciation:** The depreciation expense shall be calculated by applying the annual accrual rates employed in the Company's most recent base rate case for the plant accounts in which each retirement unit of DSIC-eligible property is recorded to the original cost of DSIC-eligible property.

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EFFECTIVE: May 26, 2026

PEOPLES NATURAL GAS COMPANY LLC

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RIDER
Distribution System Improvement Charge (DSIC)

2. Pre-tax return: The pre-tax return shall be calculated using the statutory state and federal income tax rates, the Company's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day for the three-month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return rate approved in the Company's last fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years shall have elapsed between the entry of such a final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission in the most recent Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission.

Application of DSIC: The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for distribution service under the Company's otherwise applicable rates and charges, excluding amounts billed for Rider State Tax Adjustment and Rider Purchased Gas Cost. To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by one-fourth of the Company's annual projected revenue for distribution service (including all applicable clauses and riders), exclusive of Rider State Tax Adjustment Surcharge and Rider Purchased Gas Cost.

Formula: The formula for calculation of the DSIC is as follows

$$\text{DSIC} = \frac{(\text{DSI} * \text{PTRR}) + \text{STFT} + \text{Dep} + \text{S}}{\text{PQR}} + \frac{e}{\text{PQR}}$$

Where:

DSI = Original cost of eligible distribution system improvement projects net of accrued depreciation and associated accumulated deferred income taxes pertaining to property-related book/tax depreciation timing differences resulting from the use of accelerated depreciation per Internal Revenue Code, 26 U.S. Code § 168.

PTRR = Pre-tax return rate applicable to DSIC-eligible property.

STFT = (State Tax Flow Through) Pre-tax flow through calculated on book-tax timing differences between accelerated tax depreciation and book depreciation net of federal tax. **[NOTE: UTILITY MAY ELECT TO INCLUDE THE STFT IN THE PTRR COMPONENT.]**

Dep = Depreciation expense related to DSIC-eligible property.

e = Amount calculated under the annual reconciliation feature or Commission audit, as described below.

S = Synergy fees/(revenues); cost assessed (revenue received) for serving customers of another legal entity approved at G-2014-2448803.

PQR = Projected annual revenues for distribution service (excluding Rider State Tax Adjustment and Rider Purchased Gas Cost) from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period will be divided by four to arrive at a quarterly revenue figure

Quarterly Updates: Supporting data for each quarterly update will be filed with the Commission and served upon the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, Office of Small Business Advocate, and Commission's Bureau of Audits at least (10) days prior to the effective date of the update.

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RIDER
Distribution System Improvement Charge (DSIC)

Customer Safeguards:

1. **Cap:** The DSIC is capped at 5.0% of the amount billed to customers for distribution service (including all applicable clauses and riders) as determined on an annualized basis.
2. **Audit/Reconciliation:** The DSIC is subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, *et seq.* shall be credited to customer accounts. The DSIC is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year or the utility may elect to subject the DSIC to quarterly reconciliation but only upon request and approval by the Commission. The revenue received under the DSIC including Synergy fees received, for the reconciliation period will be compared to the Company's eligible costs, including Synergy fees paid, for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year, or in the next quarter if permitted by the Commission. If DSIC revenues exceed DSIC-eligible costs, such over-collections will be refunded with interest. Interest on over-collections and credits will be calculated at the residential mortgage lending specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, *et seq.*) and will be refunded in the same manner as an over-collection. The utility is not permitted to accrue interest on under collections.
3. **New Base Rates:** The DSIC will be reset to zero upon application of new base rates to customer billings that provide for prospective recovery of the annual costs that had previously been recovered under the DSIC. Thereafter, only the fixed costs of new eligible plant additions that have not previously been reflected in the Company's rates or rate base will be reflected in the quarterly updates of the DSIC.
4. **Customer Notice:** Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.
5. **All Customer Classes:** The DSIC shall be applied equally to all customer classes, except that the Company may reduce or eliminate the Rider DSIC to any customer with competitive alternatives or potential competitive alternatives and customers having negotiated contracts with the Company, if it is reasonably necessary to do so.
6. **Earnings Reports:** The DSIC will also be reset to zero, if, in any quarter, data filed with the Commission in the Company's then most recent Annual or Quarterly Earnings reports show that the Company would earn a rate of return that would exceed the allowable rate of rate of return used to calculate its fixed costs under the DSIC as described in the pre-tax return section. The utility shall file a tariff supplement implementing the reset to zero due to overearning on one-day's notice and such supplement shall be filed simultaneously with the filing of the most recent Annual or Quarterly Earnings reports indicating that the Utility has earned a rate of return that would exceed the allowable rate of return used to calculate its fixed costs.
7. **Residual E-Factor Recovery Upon Reset to Zero:** The utility shall file with the Commission interim rate revisions to resolve the residual over/under collection or E-factor amount after the DSIC rate has been reset to zero. The utility can collect or credit the residual over/under collection balance when the DSIC rate is reset to zero. The utility shall refund any overcollection to customers and is entitled to recover any undercollections as set forth in Section 4.B. Once the utility determines the specific amount of the residual over or under collection amount after the DSIC rate is reset to zero, the utility shall file a tariff supplement with supporting data to address that residual amount. The tariff supplement shall be served upon the Commission's Bureau of Investigation and Enforcement, the Bureau of Audits, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the supplement.

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PEOPLES NATURAL GAS COMPANY LLC

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Rider TCJA - TCJA TEMPORARY SURCHARGE FOR FORMER PG DIVISION CUSTOMERS

To implement the effects of the Tax Cuts and Jobs Act (TCJA), on March 15, 2018 the Pennsylvania Public Utility Commission (Commission) issued a Temporary Rates Order at Docket No. M-2018-2641242 directing the utility to file its current base rates and riders as temporary rates, pursuant to Section 1310(d) of the Public Utility Code. 66 Pa. C.S. § 1310(d). Subsequently, on May 17, 2018 and June 14, 2018, the Commission entered Orders superseding the March 15, 2018 Temporary Rates Order directing the utility to establish temporary rates and required utilities to implement negative surcharges as a credit for intrastate service to all customer bills to reflect reduced taxes under the TCJA. This negative surcharge was distributed equally among the utility's various customer classes, exclusive of STAS and automatic adjustment clause revenues.

This negative surcharge was reconciled at the end of each calendar year and remained in place until the utility filed and the Commission approved new base rates for the utility pursuant to Section 1308(d) that include the effects of the TCJA tax rate changes. The effects of the TCJA for Peoples Natural Gas Division were fully reflected in the Company's rate case at Docket No. R-2018-3006818. The effects of the TCJA for Peoples Gas Division customers were reflected in the Company's base rate case at Docket No. R-2023-3044549, except for the remaining over/under collection as of the effective date of new rates.

Rider TCJA will remain in effect for former PG Division customers until the remaining TCJA over/under collection is refunded or recovered from customers.

Interest on over or under collections shall be computed monthly at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, et seq.) from the month that the over or under collection occurs to the mid-point of the recovery period.

Upon determination that the negative surcharge, if left unchanged, would result in a material over or under collection, the Company may file with the Commission, on at least 10 days' notice, for an interim revision of the TCJA Temporary Surcharge.

The TCJA Temporary Surcharge will be filed with the Commission by December 1 of each year to become effective the following January 1.

RATE CHART

	Surcharge per meter per month	Surcharge per MCF
Residential	\$0.0000	\$0.0000
SGS with annual consumption less than 500 Mcf	\$0.0000	\$0.0000
SGS with annual consumption equal to or greater than 500 Mcf but less than 1,000 Mcf	\$0.0000	\$0.0000
MGS with annual consumption equal to or greater than 1,000 Mcf but less than 2,500 Mcf	\$0.0000	\$0.0000
MGS with annual consumption equal to or greater than 2,500 Mcf but less than 25,000 Mcf	\$0.0000	\$0.0000
LGS with annual consumption equal to or greater than 25,000 Mcf but less than 50,000 Mcf	\$0.0000	\$0.0000
LGS with annual consumption equal to or greater than 50,000 Mcf but less than 100,000 Mcf	\$0.0000	\$0.0000
LGS with annual consumption equal to or greater than 100,000 Mcf but less than 200,000 Mcf	\$0.0000	\$0.0000
LGS with annual consumption equal to or greater than 200,000 Mcf but less than 750,000 Mcf	\$0.0000	\$0.0000
LGS with annual consumption equal to or greater than 750,000 Mcf but less than 2,000,000 Mcf	\$0.0000	\$0.0000
LGS with annual consumption greater than 2,000,000 Mcf	\$0.0000	\$0.0000

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Original Tariff Gas – PA PUC No. S-5
Cancels and Supersedes Tariff Gas - PA PUC No. S-4

PEOPLES NATURAL GAS COMPANY LLC

RATES AND RULES GOVERNING THE FURNISHING OF SERVICE TO NATURAL GAS SUPPLIERS

ISSUED: March 27, 2026

EFFECTIVE: May 26, 2026

By: Michael Huwar
President
375 North Shore Drive
Pittsburgh, PA 15212

NOTICE

This tariff cancels and supersedes Tariff Gas – PA PUC No. S-4. Upon approval of this Tariff Gas – PA PUC No. S-5, all Peoples Natural Gas Company LLC customers will be subject to the rates and rules set forth herein.

PEOPLES NATURAL GAS COMPANY LLC

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LIST OF CHANGES

Page	Page Description	Revision Description
<u>2</u>	<u>List of Changes</u>	<u>List of Changes</u>
<u>7</u>	<u>Rules and Regulations</u>	<u>Source of Supply: Removed sentence</u>
<u>18</u>	<u>Rules and Regulations</u>	<u>Nomination Procedures: Removed IFERC DTI and replaced with Eastern Gas. Added verbiage to end of sentence</u>
<u>22</u>	<u>P-1</u>	<u>Removed IFERC DTI and replaced with Eastern Gas. Added verbiage to end of sentence</u>
<u>23</u>	<u>P-1</u>	<u>Removed change indicator</u>
<u>26</u>	<u>P-1</u>	<u>Removed change indicator</u>
<u>29</u>	<u>NP1</u>	<u>Removed "Transmission and Storage ("EGTS")" and replace with Gas</u>
<u>30</u>	<u>NP-1</u>	<u>Removed "for period of three years"</u>
<u>35</u>	<u>Rate SBS</u>	<u>Updated merchant function charge percentages and removed sentence regarding management adder</u>
<u>36</u>	<u>Rate SBS</u>	<u>Updated Supplier Bill Fee</u>

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PEOPLES NATURAL GAS COMPANY LLC

GAS—PA PUC NO. S-5
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PEOPLES NATURAL GAS COMPANY LLC

GAS—PA PUC NO. S-5
ORIGINAL PAGE NO. 4

DEFINITION OF TERMS

The following is a list of some of the most commonly used terms in this Tariff. In the event of a conflict between any of the definitions set forth below or those contained in a more specific provision of this Tariff, the definition contained in the more specific provision shall prevail.

Aggregate Daily Consumption Volume - The aggregate quantity of gas estimated by the Company to be consumed by all Customers served by the NGS on any day or the direct end user in an OFO situation under Rule 4 of the Tariff.

Aggregate Monthly Consumption Volume - The aggregate quantity of gas actually consumed by all Customers of Pool Operator's pool over their respective Billing Cycles for the month as determined by the Company through actual or estimated meter readings.

Aggregator - A broker, marketer or producer of natural gas which aggregates locally produced gas, injected directly into the Company's lines, into a pool.

Billing Cycle - The period that occurs between actual or estimated meter readings taken by the Company for billing purposes.

Calendar Month Pool Sendout - The sum of (1) the Aggregate Monthly Consumption Volumes plus (2) Pool-to-Pool Volumes nominated for the month.

Calendar Month Pool Supply - The sum of the Daily Available Volumes during the month as adjusted for any gas received from other Pool Operators during the month and any imbalance sales to or purchases from the Company.

Chapter 56 - The Commission regulations that govern, among other things, metering, billing and collections for residential gas and electricity service.

Commodity Charge - A charge designed to recover the cost of producing or procuring natural gas.

Commodity Service - Service provided by the Company or a natural gas Supplier which involves the purchase of gas commodity by the Customer.

Company - The entity doing business as Peoples Natural Gas Company LLC.

Customer - Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the Customer for any premises, building, structure, etc. or (iii) is primarily responsible for payment of bills. A Customer includes anyone taking Supplier of Last Resort Service and/or Distribution Service under the Company's Retail Tariff.

Daily Available Volume - The total quantity of gas available to be allocated by the NGS for delivery by the Company to all Customers on any day. This quantity is equal to the total volume of gas actually delivered to the Company for the NGS's account on that day, less an appropriate retainage percentage, plus any adjustments associated with the reconciliation of local gas volumes and/or the reconciliation of monthly volumes as set forth in Rates P-1 and NP-1.

Day - A 24-hour period beginning at 10 a.m. and ending at 10 a.m. or as subsequently defined by natural gas industry standards promulgated by FERC.

Dekatherm (Dth) - 10 therms or 1,000,000 British thermal units ("Btu")

Direct End User - A Customer that receives distribution service from the Company and purchases commodity service from a natural gas Supplier who does not pool supplies under the Company's Rate P-1 or Rate NP-1.

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PEOPLES NATURAL GAS COMPANY LLC

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DEFINITION OF TERMS (continued)

Local Gas Aggregation Agreement - The Local Gas Aggregation Agreement between the Company and the NGS.

Mcf – 1,000 cubic feet of gas. This is a measure of gas usage.

Measurement Operating Agreement - The agreement between a producer of natural gas and the Company which sets forth the obligations and responsibilities for owning and operating measurement equipment for designated measuring stations.

Monthly Available Volume - The total quantity of gas available to be allocated by the NGS for delivery by the Company to all Customers for the applicable month. This quantity is equal to the total volume of gas actually delivered to the Company for the NGS's account for the applicable month, less an appropriate retainage percentage, plus any adjustments associated with the reconciliation of local gas volumes.

Natural Gas Supplier (NGS) – An entity that has received a license from the Commission and that sells natural gas to Customers that is delivered through the distribution lines of the Company.

Non-Priority One Pool Operator – A pool operator which aggregates natural gas supplies needed to satisfy the full requirements of one or more Non-Priority One transportation Customers of the Company.

Non-Priority One Pooling Agreement - The Non-Priority-One Pooling Agreement between the Company and the Pool Operator.

Pool Operator – A broker, marketer or producer of natural gas licensed as a gas Supplier by the Pennsylvania Public Utility Commission which has executed a Priority-One or Non-Priority One Pooling Agreement with the Company.

Priority One Pool Operator – A pool operator which aggregates natural gas supplies needed to satisfy the full requirements of Priority One transportation Customers of the Company.

Small Business Customer – A Customer receiving natural gas service for commercial or industrial use whose annual usage is equal to or less than 300 MCF.

Supplier – Shall include, but is not limited to, aggregators, brokers, marketers, natural gas distribution companies, natural gas suppliers or producers.

Supplier of Last Resort – The Company or another entity that provides natural gas supply services to Customers that do not elect another Supplier or choose to be served by the Supplier of last resort, Customers that are refused service from another natural gas supplier, or Customers whose natural gas Supplier fails to deliver the required gas supplies. Currently, the Company is the Supplier of last resort for all Priority-One Customers under the terms of this tariff. Each Customer may only have one Supplier of last resort.

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PEOPLES NATURAL GAS COMPANY LLC

GAS—PA PUC NO. S-5
ORIGINAL PAGE NO. 6

RATES AVAILABLE UNDER THIS TARIFF

Service is made available to NGSs under the rules, regulations, rates and terms contained in this tariff. The following rates are made available to NGSs:

Rate P-1 - Priority One Pooling Service

This rate is available to any broker, marketer or producer of natural gas which aggregates natural gas supplies needed to satisfy the full requirements of Priority One (P-1) transportation Customers of the Company.

Rate NP-1 - Non-Priority One Pooling Service

This rate is available to any broker, marketer or producer of natural gas which aggregates natural gas supplies needed to satisfy the full requirements of Non-Priority One (NP-1) transportation Customers of the Company.

Rate LGA - Local Gas Aggregation Service

This rate is available to any broker, marketer or producer of natural gas which aggregates locally produced gas injected directly into the Company's pipeline system.

Rate SBS – NGS Billing Service

This rate is available to the NGS which receives service under Rate P-1 or Rate NP-1 and elects to have the Company bill Customers for natural gas sold by the NGS.

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1. Sources of Supply

The Company agrees to receive, for the NGS's account, upstream pipeline transportation volumes, local gas volumes, storage volumes, and Pool-to-Pool Volumes.

In determining the volumes available for delivery to Customers in the applicable month, the Company may retain an appropriate percentage, as set forth in the Company's Retail Tariff, of gas used in Company operations and unaccounted for gas from upstream pipeline transportation volumes and local gas volumes as they are received by the Company. ~~For purposes of determining storage inventory volumes, the retainage percentage shall be applied to volumes at the time the volumes are nominated for injection into storage.~~ Pool-to-Pool Volumes shall be added to the adjusted volumes.

Suppliers will pay for any investment costs and any other agreed-upon fees relating to the delivery of gas into the Company's system. The Company will own and maintain each natural gas connection's tapping tee or pipe and valve.

2. Measurement and Quality of Gas

All gas delivered shall be measured by meter. The term "mcf" as used in the Company's schedule of rates, shall mean 1,000 cubic feet of gas at no more than 8 ounces above an assumed atmospheric pressure of 14.4 pounds at whatever temperature the gas may be during the period of measurement. If gas is supplied from a low-pressure distribution system in which the pressure of the gas is regulated not to exceed 8 ounces, the measurement will be at whatever pressure the gas may be during the period of measurement. If gas is delivered from a high-pressure system, measurement will be corrected to a pressure base of 14.73 psia. If measurement is corrected for temperature, measurement will be corrected to 60°F.

Gas delivered into the Company's system should be free from oil, water, salt, gum, dust, and other foreign substances that might interfere with the marketability of the gas. Unless otherwise agreed to by the Company, the gas delivered shall contain not less than 967 Btu per cubic foot and shall not exceed 1,100 Btu per cubic foot (as determined by calorimeter test @ 60 degrees Fahrenheit and saturated with water vapor). Gas accepted by the Company that contains less than 967 Btu per cubic foot will be enhanced to ensure that gas delivered by the Company to Customers shall meet Commission heating value requirements, and the Company may charge for this.

Unless otherwise agreed to by the Company through separate agreement, gas delivered by a Supplier shall not contain more than:

- (a) Seven (7) pounds of water per million cubic feet on an approved dew point apparatus.
- (b) Four (4) percent by volume total inerts including carbon dioxide, nitrogen, argon, and helium provided that total carbon dioxide content shall not exceed two (2) percent by volume.
- (c) Thirty hundredths (0.3) grains of hydrogen sulfide per 100 cubic feet.
- (d) Ten (10) grains of total sulfur per 100 cubic feet.
- (e) Two tenths (0.2) percent by volume oxygen.
- (f) No more than (5) percent Hydrogen.

The Company may enter into agreements with suppliers whereby the Company will agree to treat gas on behalf of a Supplier in order to meet such gas quality requirements outlined above. Should the Supplier not enter into such an agreement and fail to meet these gas quality requirements, the Company may refuse to accept gas delivered by the Supplier and should a Supplier cause damage to any metering, regulating and/or other equipment or interruption of service, the Supplier shall reimburse the Company for the costs to repair such damage and for any related costs which the Company may incur to restore service to Customers and/or repair facilities, including payments made by the Company to Customers in settlement of claims arising out of interruption of gas service. The Supplier agrees to allow the Company to make necessary gas samples to permit testing of the delivered gas to determine quality of gas delivered by the supplier.

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2. Measurement and Quality of Gas (continued)

Nonconformance – If the gas offered for delivery by the NGS shall fail at any time to conform to any of the specifications set forth herein, then the Company shall notify the NGS of such deficiency and may at the Company's option refuse to accept delivery pending correction by the NGS. Should any substances not in conformity with the quality standards specified herein enter the Company's facilities and cause damage to gas meters, regulators and/or other equipment, or interruption of service, NGS shall reimburse the Company for the costs to repair such damage and for any related costs which the Company may incur to restore service to, and/or repair facilities, of its Customers, including payments made by the Company to Customers in settlement of claims arising out of interruption of gas service.

3. Critical Day Planning

As events occur that could develop into system emergencies or lead to a threatening of system integrity, the Company may request and/or require NGSs or Customers to take certain actions to protect, maintain, or reestablish the safe operation of the system.

- a. Maintenance Alerts (MA) – A maintenance alert is an announcement of actual or pending events related to various physical connections to the Company's system. These communications shall occur on an as needed basis and shall be communicated via the electronic bulletin board as soon as practical.
- b. Operational Alert (OA) – An operational alert may be called during periods of projected increased or decreased consumer demand for natural gas. An "OA" is a request for specific action on the part of an individual NGS, or all NGSs. The NGSs are expected to respond to "OAs" as soon as practical by giving notice to the Company of their intended action. These communications shall occur on an as needed basis and shall be communicated via the electronic bulletin board and/or through email as soon as practical.
- c. Operational Flow Order (OFO) – An OFO is defined in paragraph 4 of the Supplier Tariff. NGSs are expected to comply with an OFO.
- d. Curtailment – In the event of an emergency curtailment of Customer consumption, the Company will alert the appropriate NGSs, and if appropriate, will coordinate with them responses to media and elected officials.

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4. Operational Flow Orders

a. Issuance of OFOs

The Company may issue, in its sole discretion, an OFO (Operational Flow Order) in any of the following circumstances: To the extent possible, the Company will provide a 24-hour prior notice of an OFO in situations where a prior indication of the need to issue an OFO exists.

- i. to alleviate conditions that threaten the operational integrity of the Company's system;
- ii. to maintain pressures necessary for the Company's operations;
- iii. to insure adequate flowing supplies are delivered to specific receipt points on the Company's system; or
- iv. to alleviate operational problems arising from overdeliveries or underdeliveries by NGSs or Customers transporting supplies for their own consumption ("Direct End User"), in violation of their agreements or Company tariffs.

b. OFO Procedures

In the event of the issuance of an OFO, NGSs and Direct End Users (or a Supplier that the Direct End User has arranged with and designated to the Company to receive notification of the OFO) will be directed to maintain its supply according to the steps set forth below.

- i. The NGS or the Direct End User must adjust supply nominations, including any Pool-to-Pool Volumes to equal Aggregate Daily Consumption Volume and/or hourly consumption levels if necessary, with gas delivered at the points specified by the Company. The Company shall provide such estimates via the electronic bulletin board and/or through email as soon as practical.
- ii. Upon the NGS or Direct End User request, the Company will consider, if time permits, adjustments to the Aggregate Daily Consumption Volume or the Daily Available Volume to the extent such adjustment, in the Company's discretion, benefits system operations during the OFO event and if such adjustment is confirmable the Company.

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4. Operational Flow Orders (continued)

c. OFO Penalties

Failure to comply with an OFO may result in the following:

- i. The immediate recall of capacity assigned by the Company to the NGS or a Direct End User, if any, throughout the remainder of the OFO period. Further, in the event the NGS/Direct End User's failure to comply with an OFO contributes to the Company using other Customers' flowing supplies to meet the needs of end-use Customers of the NGS/Direct End User's and/or the Company's Retail Sales Demand, the Company may, at its sole discretion, recall or otherwise withdraw any capacity rights assigned to the NGS/Direct End User upon five (5) days written notice to the NGS/Direct End User (unless already recalled under the provisions of this section).
- ii. The billing of the incremental charges set forth below times the OFO shortfall which is defined as the imbalance between Daily Available Volume and its Aggregate Daily Consumption Volume as calculated by the Company, on those days subject to the OFO.

The OFO incremental charges shall equal:

- (1) the payment of a gas cost equal to the highest incremental cost paid by the Company on the date of noncompliance;
- (2) one month's demand charges and/or otherwise applicable storage and overrun costs. This charge shall not be imposed more frequently than twelve times in any thirty-day period;
- (3) the payment of all other charges incurred by the Company on the date of the OFO shortfall that are associated with the OFO shortfall; and
- (4) in the Company's discretion, an appropriate penalty charge, not to exceed \$15/Mcf.

The penalties set forth herein shall be billed to NGSs serving Customers under Rates P-1 or NP-1, or to Direct End Users (or a Supplier that the Direct End User has arranged with and designated to the Company to receive notification of the OFO).

- iii. In the event the NGS/Direct End User's failure to comply with an OFO contributes to the Company using other Customers' flowing supplies to meet the needs of any Customer and/or the Company's retail sales demand, the Company may terminate the NGS's/Direct End User's rights to operate on the Company's system under the applicable pooling and/or transportation agreements upon ten (10) days written notice to the NGS.

5. Billing and Payment

Each calendar month the Company shall render a statement of account to the NGS summarizing the charges due the Company, including any purchases by the Company.

The NGS shall pay the Company by wire transfer of federal funds unless the NGS and the Company mutually agree upon a method of payment other than wire transfer which will result in timely receipt of payment by the Company.

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5. Billing and Payment (continued)

Charges previously billed to the NGS by the Company, for which payment has not been received by the Company by the due date, will be assessed a late-payment charge of two percent (2%) per month on the unpaid balance.

If the Company has not received payment from the NGS for any services or charges, including late-payment charges, within fifteen (15) days of the statement date, the Company may deduct this unpaid amount from any payments accruing to the NGS under any agreement between the NGS and the Company or take gas in kind from the NGS in satisfaction of obligations and/or terminate the agreement with the NGS upon ten (10) days written notice to the NGS.

6. Creditworthiness

The Company shall not commence service or continue service to the NGS if the NGS fails to meet the creditworthiness criteria outlined in this Section.

The Company will base its creditworthiness evaluation on the financial information provided in response to the "Financial Information" and "Certificate" sections below.

- a. Financial Information - In consideration of the opportunity to supply gas to the Company's Customers and in order for the Company to accept the NGS as the Supplier of gas to Customers of the Company, the NGS must provide the following financial information, provided, however, that such financial information will not be required by the Company if the NGS has obtained a Natural Gas Supplier License from the Commission within one year prior to the date it submits an application to the Company for approval to become a NGS of gas to Customers of the Company and that such information has been provided to the Company:
 - i. Financial statements, annual report or Form 10-K for the most recent fiscal year-end.
 - ii. Current interim financial statements.
 - iii. Listing of parent company, affiliates and subsidiaries.
 - iv. Any reports from credit reporting and bond rating agencies which are available.
 - v. A bank reference and at least two trade references.
- b. Certificate: The NGS shall deliver a certificate of a duly elected officer or authorized representative certifying the following:
 - i. The NGS is not operating under any chapter of the bankruptcy laws and is not subject to liquidation under any state law.
 - ii. The NGS is not subject to the uncertainty of pending or threatened litigation in state or federal courts or regulatory proceedings which could (1) cause a substantial deterioration in its financial condition, (2) cause a condition of insolvency, or (3) endanger its ability to exist as an ongoing business.
 - iii. The NGS does not have outstanding lawsuits, actions or judgments, which, individually or in the aggregate, could jeopardize its ability to remain solvent.

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6. Creditworthiness (continued)

- iv. The NGS has the power and authority to transact the business it transacts and proposes to transact, has obtained and holds a Natural Gas Suppliers License from the Commission and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which failure to be in good standing would not, individually or in the aggregate, reasonably be expected to jeopardize its ability to transact the business it transacts or to remain solvent.
- v. The NGS has no delinquent balances outstanding for billings made previously by the Company or its affiliate, and the NGS must have paid its account in the past according to the established terms and not made deductions or withheld payment for claims not authorized by contract.
- c. The NGS has a continuing obligation to notify the Company in writing, within two business days, of the occurrence of any event which would render the NGS unable to provide the certificate required in paragraph (b) of this "Creditworthiness" section, as of the date such event occurred and within two business days of any other significant deterioration of its financial fitness or creditworthiness, including if the NGS's Credit Rating is downgraded below Ba3 from Moody's or BB- from S&P or Fitch. "Credit Rating" means the rating assigned to the NGS's unsecured, senior long-term debt obligations (not supported by third party security) by Moody's, S&P, or Fitch. The NGS shall also provide the Company a copy of the financial statements as specified in paragraph (a) of this "Creditworthiness" section upon request by the Company.

d. Evaluation Process to Determine Financial Fitness:

To the extent the Company determines that the NGS's financial condition under paragraph (a) is questionable or the NGS cannot supply the certificate required under paragraph (b) above, the Company will require the establishment of a security enhancement based on the financial exposure imposed on the Company by the NGS for all service fees applicable per the rate schedules governed by this tariff. The amount of the security enhancement shall include the following components and shall be calculated based on the projected peak winter month usage served by the NGS:

1. All applicable pooling and aggregation fees;
2. All applicable billing fees; and
3. Projected imbalance fees using the maximum imbalance price multipliers and assuming that the NGS fails to delivery gas supplies during the peak month.

The Company shall consider the forms of security enhancements as set forth in 52 Pa. Code §§ 62.102 – 62.114. The Company may also consider as a form of security such amounts collected by the Company on behalf of the NGS under Rate SBS of this tariff or such other security as is mutually acceptable to both the Company and the NGS. The Company reserves the right to determine which of these financial instruments shall be established as a security enhancement.

All information submitted or provided to the Company will remain confidential and be used solely for the purpose of evaluating the financial fitness or creditworthiness of the NGS. The amount of the security enhancement may be reviewed and modified based on the criteria established at 52 Pa. Code §§ 62.102 – 62.114.

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7. Bonding Requirement

In addition to any creditworthiness requirements as set forth in Rule 6, the Company may also require that the NGS post a performance bond or any other security suitable to the Company, to cover any costs associated with the NGS prematurely discontinuing service to Customers or the NGS default of payments of Commission imposed financial penalties and restitution to Customers. The amount of the performance bond or other security shall be equal to \$2 times the volumes the NGS is expected to serve during the month of January. The level of the bond shall be recalculated annually.

The bonding requirement will be waived for that portion of the NGS's load used to serve Non-Priority One Customers whose annual consumption is 300 Mcf or more, but in such circumstance, the Company shall not be responsible to provide those Customers service as Supplier of last resort and the Company shall have none of the obligations arising under Section 2207(a) and (k) of the Public Utility Code. The Company may waive the bonding requirement related to delivery failure for the NGS that demonstrates to the Company's satisfaction that it will assign the gas supply contract to the Company in the event of a default. With regard to the latter, the Company, in its sole discretion, which shall not be unreasonably exercised, may waive the bonding requirement related to delivery failure if the NGS assigns its gas supply contracts acquired for purposes of serving its Customers on the Company's system (and if applicable, any related financial risk management contracts) to the Company in the event the NGS prematurely discontinues service to its Customers. Such waiver shall be subject to the following conditions:

- a. The NGS's Supplier agrees to assign applicable gas supply to the Company.
- b. The Company is satisfied with the relevant contract assignment language and applicable reasonable terms and conditions.
- c. The Company is satisfied with the NGS's Supplier's credentials or the security of supply.
- d. The NGS agrees to reimburse the Company for any losses the Company suffers as a result of agreeing to the assignment of contracts, including, but not limited to, losses from a differential in the assigned gas prices and the NGS's contracted price with its Customers and losses resulting from the NGS's Supplier refusing to assign the relevant gas supply.

8. Procedures when a NGS Exits the System

Prior to exiting the Company's system the NGS shall provide the Company with two months prior notice. Upon the NGS's exit from the Company's system, the Company will serve the NGS's former Customers at the Company's Supplier of last resort rates, or at the agreed-to NGS price for the remainder of the billing cycle if the NGS discontinues service prior to the beginning of the next billing cycle. Any differences between the cost incurred by the Company and the NGS's price shall be recovered from the NGS. Any capacity or supplies previously assigned to the NGS will revert to the Company, including gas held in storage. If the NGS had used capacity not assigned by the Company to bring gas on to the Company's system, then the NGS agrees to offer to assign said capacity, including gas held in storage, to the Company, which the Company may, at its sole discretion, accept or reject.

Balancing for NP-1 and P-1 pools of both interstate and local supplies for the exiting NGS's final month of service shall be performed in accordance with the Balancing provisions under Rate NP-1. No imbalance price multipliers will be applied.

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9. Dispute Resolution Process

The Company and each NGS will designate specific personnel for responding to complaints and disputes under this process.

The Company and the NGS shall use good faith and commercially reasonable efforts to informally and timely resolve all disputes that may develop between them. Failing such informal resolution, either party may initiate this Dispute Resolution Process by presenting a written Notice of Dispute that includes the names of the Parties and Customer(s), if any, involved and a brief description of the matters in dispute.

Within five (5) days of the Company's and/or the NGS's receipt of a Notice of Dispute, a designated senior representative of each of the Parties shall attempt to resolve the dispute on an informal basis.

In the event the designated representatives are unable to resolve the dispute by mutual agreement within thirty (30) days of said referral, the dispute shall be referred for mediation through the Commission's Office of Administrative Law Judge. A party may request mediation prior to that time if it appears that informal resolution is not productive.

If mediation is not successful, then the matter shall be converted to a formal proceeding before a Commission Administrative Law Judge.

Any party may file a complaint concerning the dispute with the Commission under relevant provisions of the Public Utility Code.

10. Standards of Conduct

- a. The Company shall apply its tariffs in a nondiscriminatory manner to its affiliated NGS and any nonaffiliated NGS.
- b. The Company shall not apply a tariff provision in any manner that would give its affiliated NGS an unreasonable preference over other NGSs with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, or nondelivery, and all other services provided to its affiliated NGS.
- c. Mandatory tariff provisions shall not be waived by the Company for any NGS absent prior approval of the Commission.
- d. If a tariff provision is not mandatory or provides for waivers, the Company shall grant the waivers without preference to its affiliated NGS or non-affiliated NGS.
- e. The Company shall maintain a chronological log of tariff provisions for which it has granted waivers. Entries shall include the name of the party receiving the waiver, the date and time of the request, the specific tariff provision waived and the reason for the waiver. The chronological log shall be open for public inspection during normal business hours and the Company shall post the log on its website for a period of at least three (3) months.
- f. The Company shall process requests for distribution services promptly and in a nondiscriminatory fashion with respect to other requests received in the same or a similar period. The Company shall maintain a chronological log showing the processing of requests for transportation services. The chronological log shall be open for public inspection during normal business hours.

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10. Standards of Conduct (continued)

- g. If the Company provides a distribution service discount, fee waiver or rebate to its favored Customers, or to the favored Customers of its affiliated NGS, the Company shall offer the same distribution service discount, fee waiver or rebate to other similarly situated Customers. Offers shall not be tied to any unrelated service, or incentive or offer on behalf of either the natural gas distribution company or its affiliated NGS. A chronological log shall be maintained showing the date, party, time and rationale for the action. The chronological log shall be open for public inspection during normal business hours.
- h. Subject to Customer privacy or confidentiality constraints, the Company shall not disclose, directly or indirectly, any Customer proprietary information to its affiliated NGS unless authorized by the Customer. To the extent that the Company does disclose Customer information without Customer authorization, it shall first seek the permission of the Customer consistent with the Company's tariff, any contractual obligations with the Customer and Section 62.78 of the Pennsylvania Code, and if the Customer grants permission, the Company shall contemporaneously provide this same information to other similarly situated NGSs in a similar fashion so as not to selectively disclose, delay disclosure, or give itself or its affiliated NGS any advantage related to the disclosure. A chronological log shall be maintained showing the date, time and rationale for the disclosure. The chronological log shall be open for public inspection during normal business hours. This provision does not apply to the disclosure of Customer information made under a Customer assistance program mandated by state law or regulation.
- i. The Company shall justly and reasonably allocate to its affiliated NGS the costs or expenses for general administration or support services provided to its affiliated NGS.
- j. The Company shall not condition or tie the provision of any product, service or price agreement by the Company (including release of interstate pipeline capacity) to the provision of any product or service by its affiliated NGS.
- k. The Company shall not give its affiliated NGS preference over a nonaffiliated NGS in the provision of goods and services including processing requests for information, complaints and responses to service interruptions. The Company shall provide comparable treatment in its provision of such goods and services without regard to a Customer's chosen NGS.
- l. The Company and its affiliated NGS shall maintain separate books and records. Further, transactions between the Company and its affiliated NGS shall not involve cross-subsidies. Any shared facilities shall be fully and transparently allocated between the Company function and the affiliated NGS function. The Company accounts and records shall be maintained such that the costs incurred on behalf of an affiliated NGS may be clearly identified.
- m. The Company employees who have responsibility for operating the distribution system, including natural gas delivery or billing and metering, as well as those responsible for marking and Customer service, shall not be shared with an affiliated NGS, and their offices shall be physically separated from the office(s) used by those working for the affiliated NGS. Such Company employees may transfer to an affiliated NGS provided such transfer is not used as a means to circumvent these interim standards of conduct.

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10. Standards of Conduct (continued)

- n. Neither the Company nor its affiliated NGS shall directly or by implication, falsely and unfairly represent to any Customer, the NGS or third party that an advantage may accrue to any party through use of the Company's affiliates or subsidiary, such as:
 - i. That the Commission regulated services provided by the Company are of a superior quality when services are purchased from its affiliated NGS;
 - ii. That the merchant services (for natural gas) are being provided by the Company when they are in fact being provided by an affiliated NGS;
 - iii. That the natural gas purchased from a nonaffiliated NGS may not be reliably delivered; or
 - iv. That natural gas must be purchased from an affiliated NGS to receive Commission regulated services.

- o. When affiliated NGSs market or communicate to the public using the Company's name or logo, it shall include a legible disclaimer that states:
 - i. That the affiliated NGS is not the same company as the Company;
 - ii. That the prices of the affiliated NGS are not regulated by the Commission; and
 - iii. That a Customer does not have to buy natural gas or other products from the affiliated NGS in order to receive the same quality service from the Company.

When an affiliated NGS advertises or communicates verbally through radio or television to the public using the Company name or logo, the affiliated NGS shall include at the conclusion of any such communication a legible disclaimer that includes all of the disclaimers listed in this paragraph.

- p. Except in competitive bid situations, the Company shall not (a) jointly market or jointly package its Commission regulated services with the services of an affiliated NGS or (b) offer or provide to its affiliated NGS products or services, including bill inserts in its Company bills promoting an affiliated NGS's services or a link from the Company's web site, unless the Company offers or provides the products or service to all nonaffiliated NGSs on the same terms and conditions.

- q. The Company shall not offer to sell natural gas commodity or capacity to its affiliated NGS without simultaneously posting the offering electronically on a source generally available to the market or otherwise making a sufficient offer to the market. The Company shall maintain a chronological log of these public disseminations. The chronological log shall be open for public inspection during normal business hours.

- r. The Company shall utilize, unless otherwise agreed to by the affected parties, the following complaint and dispute resolution procedure for dealing with any alleged violations of any of the standards of conduct, with the exception of paragraph (r)(i), which are exclusively under the purview of the Commission:

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10. Standards of Conduct (continued)

- i. In the event a NGS alleges a violation of any of these Standards of Conduct provisions, the NGS must provide the Company with a written Notice of Dispute that includes the names of the Parties and Customer(s), if any, involved and a brief description of the matters in dispute. The dispute procedures in Section 9 shall apply to any Notice of Dispute issued per Section 10(i). A complainant bears the burden of proof consistent with 66 Pa. C.S. Section 332 (relating to Public Utility Code) in regard to the allegations, and the Commission may impose penalties for such violations pursuant to 66 Pa. C.S. Section 3301.
- s. The Company shall keep a chronological log of any complaints, excepting paragraph (r)(i), regarding discriminatory treatment of NGS. This chronological log shall include the date and nature of the complaint and the resolution of the complaint. The chronological log shall be open for inspection during normal business hours.

11. Nomination Procedures

a. General Procedures

- i. All Transportation Volumes received for NGS's pool account at upstream pipeline transportation receipt points, local production volumes received for NGS's or Aggregator's account at local production receipt points and Pool-to-Pool transfer volumes shall be nominated to the Company in advance according to the procedures outlined in this section.
- ii. Nominations are to be transmitted to the Company via the Company's Electronic Nominations System and are to be received by the Company by the dates and times specified on the Company's Electronic Nomination System.

b. Nomination of Upstream Pipeline Volumes

- i. Upstream pipeline nominations must conform, in content and format, with Company specifications for transportation volume nominations, which shall include, at a minimum: NGS's contract number; upstream pipeline contract number; and requested daily transportation volume.

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b. Nomination of Upstream Pipeline Volumes (cont.)

- ii. The Company will either confirm, in total or in part, or reject NGS's transportation volume nomination based on the Company's operating conditions, the limits and requirements of the Company's system and facilities, previously confirmed nominations and timely confirmation by upstream pipelines. Accepted transportation volumes will be posted on Company's Electronic Nomination System. In order to support system operations, maintain system integrity, and minimize positive or negative imbalance volumes, the Company may request NGS to nominate and deliver transportation volumes to designated transportation receipt points. Such request shall be posted in advance on Company's Electronic Nomination System or through direct communication with the NGS. If, in Company's sole discretion, voluntary compliance by NGS fails to correct operational deficiencies, the Company may exercise its authority under Rule 4 of the Rules and Regulations to issue NGS specific and/or system wide OFOs.
- iii. Confirmed nominations will become effective on the date specified in the NGS's nomination and will remain in force until the last day of the current calendar month, subject to continued receipt by the Company from upstream pipeline of the confirmed volume, unless superseded by a subsequent transportation volume nomination or limited by operational conditions as mentioned above.
- iv. Nominations made in accordance with this Section do not relieve NGS of the obligation to submit corresponding nominations for service with an upstream pipeline.

c. Nomination and Reconciliation of Local Production Volumes

- i. No later than five days prior to the end of each month, the Company will set a Gross Production Projection (GPP) nomination for the following month for the metering stations identified in the agreement or other point of interconnection into the Company's System. The initial GPP nomination shall be based on recent available production data but may be subject to adjustment by the Company to reflect known and anticipated production changes provided (within 2 days) by the NGS or Local Gas Aggregator and confirmed by the Company. The confirmed GPP volume shall be used for reconciling local gas nominations and actual production.
- ii. The NGS or Local Gas Aggregator may request to change its GPP nomination during the month in accordance with the Company's Operating Rules for Local Gas Aggregation Service. The Company may, at its discretion, ask for additional justification for any nomination, which may result in an adjustment to the nomination.
- iii. Confirmed GPP nominations will be credited to the NGS's or Local Gas Aggregator's account on the date specified in the GPP nomination. When actual local gas aggregation volumes delivered into the Company's system are known, any discrepancies between actual and GPP nominations will be reconciled, in the first full calendar month following the determination of actual local gas aggregation volumes (the "Adjustment Month").
- iv. The volumetric discrepancy between the actual local gas aggregation volumes and the local gas aggregation nominations will be reconciled in the Adjustment Month by adjusting the NGS's or Local Gas Aggregator's monthly available volume or by other methods as made available by the Company, including, but not limited to, selling or purchasing additional supplies, transferring gas in storage, or pool-to-pool transfer.
- v. In the event that a pool ceases its existence and due to this, a negative imbalance results, the pool will be cashed out at the first of the month ~~IFERC DTH Eastern Gas~~ Appalachia Index price as established in *Inside FERC's Gas Market Report*.
- vi. Unless otherwise agreed upon by the Company, monthly volumes delivered out of the pool must be baseloaded proportionately with regard to the number of days in the month.

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d. Nomination of Pool-to-Pool Volumes

- i. Nominations must conform, in content and format, with the Company's specifications for Pool-to-Pool Volume nominations, as specified in the Company's Electronic Nominations System.
- ii. Such transfers may be used to resolve current daily imbalances created by the NGS's inability to match Daily Available volumes with the projected Aggregate Daily Consumption Volume and shall not be used to resolve daily imbalances occurring for any prior day or days.
- iii. Subject to the limits of the Company's operating conditions and facilities, and the reasonableness of the NGS's nomination as determined solely by the Company, the Company will either confirm, in total or in part, or reject the NGS's Pool-to-Pool Volume nomination.

e. Nomination of Assigned Pennsylvania-Produced Supplies

- i. All Pennsylvania-produced supplies assigned or sold to the NGS for a given month will be divided by the number of days of that month and automatically credited to the pool operator's Daily Available Volumes.

12. Confirmation of Customer Enrollment

When the Company receives notice that a Customer has elected to switch NGSs or return to the Company's Supplier of Last Resort service, the Company shall initiate the confirmation procedure described herein. Such changes shall coincide with the start of Customer's next billing cycle.

- a. The NGS must maintain either a mainframe computer or a personal computer that meets the processing capabilities required by the Company.
- b. The NGS shall notify the Company of new or deleted Customers via e-mail file in approved spreadsheet format. The NGS should notify the Company only of additions or deletions to its Customer list; existing Customers shall not be included.

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RULES AND REGULATIONS

12. Confirmation of Customer Enrollment (continued)

- c. Notification from the NGS of a new or deleted Customer shall consist of the following information: Customer name, Service Address, the Company Account Number, Date and Time of file preparation, the NGS's assigned Pool Code (rather than the NGS name) and the NGS's assigned Rate Numbers, if the Company is billing on behalf of the NGS.
- d. The NGS may submit additions, changes or deletions from its Customer list to the Company on a daily basis. Such additions, changes or deletions from the Customer list will become effective for the service period reflected in the second bill issued following the date such additions, changes or deletions are submitted to the Company.
- e. The Company shall notify the NGS with a report via the Internet if a new Customer is not processed. The circumstances in which a Customer will not be processed may include, but are not limited to, the information provided by the NGS does not match the Company's required data elements, the Customer submitted by the NGS is not eligible for the requested service, and the Customer is no longer receiving service from the Company. Such report will be issued on the Company's web site following processing and will include the reason the Customer has not been processed.
- f. Once a prospective Customer's request has been processed, the Company shall mail out a confirmation letter to each Customer by the end of the next business day after the date the Company receives notification from the NGS that the Customer has elected to switch NGSs or return to the Company's Supplier of last resort service, asking the Customer to notify the Company if information in the confirmation letter is inaccurate. Such confirmation letter shall include, if appropriate, the Customer's pool operator choice as stated by the NGS, the applicable billing option, the approximate date when transportation service is to begin and the date that the first bill will be mailed.
- g. Should the Company receive notification from a Customer within the five (5) calendar days required under the confirmation letter that the Customer's gas service or gas supply election as described by the NGS is in error, the Company shall so notify the NGS. In case of notification by Customer of such error, the Company shall continue billing the Customer under the Customer's current billing arrangement. Should the Company receive notification from the Customer that the Customer's gas service or gas supply election as described by the NGS is in error, but not receive such notification within the five (5) calendar days period, the Company shall advise the Customer to contact the NGS to request cancellation, and if requested by the Customer, the Company will treat this as an alleged slamming complaint.
- h. On or about the eighteenth (18th) of the month, the Company will post on its web site, a list of Customers for the forthcoming month. Additions and removals from the NGS will also be reported on a daily basis in an activity file.
- i. Should the Company receive notification by more than one NGS within a one-month period that the Customer has elected said NGS to supply Customer's natural gas, the Company shall proceed with the confirmation process using the first NGS which notifies the Company, unless the Customer informs the Company otherwise.
- j. The Company will issue, at a minimum, a monthly report of Customers who have discontinued service with the NGS via Internet, which shall include discontinuances initiated by the incumbent NGS, the Customer or Customer's new NGS.

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13. Customer Service, Information Requirements and Slamming Complaints

- a. NGSs shall refer to the Commission's Guidelines for Maintaining Customer Services at the Same Level of Quality Pursuant to 66 Pa. C.S. §2206 (a), Assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. C.S. §§2207 (b), 2208 (e) and (f) and Addressing the Application of Partial Payments at Docket No. M-00991249F0003, for requirements relating to credit determination, deposits, initiation and disconnection of service.
- b. NGSs shall refer to the Commission's Customer Information Disclosure Guidelines at Docket No. M-00991249F0005, for requirements relating to disclosure of terms of service, marketing, advertising and sales practices, and privacy of Customer information.
- c. NGSs shall refer to the Commission's Guidelines to Ensure Customer Consent to a Change of Natural Gas Suppliers at Docket No. M-00991249F0006, for requirements on handling Customer slamming complaints.

14. Customer Contact

The NGS must maintain a twenty-four (24) hour answering service or a telephone answering machine which informs all callers that if they smell gas or there is any other emergency regarding gas service, the callers should call their gas utility immediately.

If the NGS receives a telephone call from a Customer which should be directed to the Company, the NGS shall direct the Customer to the appropriate contact within the Company.

The NGS shall handle all calls regarding commodity charges and associated rates.

NGSs must coordinate with the Company in resolving Customer inquiries or complaints which involve services provided by both the Company and NGSs.

15. Miscellaneous

- a. The NGS shall be deemed to be in control and possession of the gas transported to Company until the gas has been delivered to Company at the agreed-upon delivery point.
- b. The NGS warrants the title of the gas delivered to Company and shall indemnify the Company for and save Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or attributable to the adverse claims of any and all other persons or parties to the gas delivered to Company.
- c. The NGS shall be subject to the Liability provisions contained in Company's Retail Gas Tariff.

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**RATE P-1
PRIORITY ONE POOLING SERVICE**

AVAILABILITY

Unless otherwise agreed to by the Company, an NGS that operates a P-1 and a NP-1 pool must serve its P-1 Customers from its P-1 pool and serve its NP-1 Customers from its NP-1 pool. Service under this rate schedule is available to any Priority One Pool Operator who has entered into a Priority One Pooling Agreement with the Company and demonstrates to the Company's satisfaction that it has met the Company's creditworthiness standards and bonding requirements. Customers must assign their rights provided under the applicable transportation rate schedules to said Pool Operators.

RULES AND CONDITIONS

1. Assignment of Capacity

Pool Operators with Peak Day Demand < 2,000 Dth per Day

Pool Operators who take service under this rate schedule and have a peak day demand of 2,000 Dth per day or less may choose to decline their pro-rata share of the pipeline and storage capacity. In lieu of such capacity assignment, the Company will deliver the Pool Operator's required daily gas supplies. The Company will bill the Pool Operator monthly at the first of the month ~~FERC-DT Eastern Gas~~ Appalachia Index price as published in *Inside FERC's Gas Market Report* plus associated delivery charges. Pool operators may change their election to accept or decline capacity each April.

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Pool Operators with Peak Day Demand > 2,000 Dth per Day

Pool Operators who take service under this rate schedule must take assignment of a pro-rata or other agreed upon share of the pipeline and storage capacity and Pennsylvania produced gas supplies ("assigned capacity") that would otherwise be utilized by the Company to meet the Customer's commodity service requirements. Assigned capacity shall be subject to recall to the extent that the Pool Operator is unable to deliver necessary gas supplies, in which case the Company will provide for the delivery of necessary gas supplies pursuant to the terms of the standby rate schedule. More specific terms with respect to capacity assignment requirements are set forth in the following sections. However, such additional terms with respect to capacity assignment requirements shall be subject to review in the Company's annual Section 1307(f) proceeding.

Assignment of Pennsylvania –Produced Supplies

Pennsylvania gas produced from wells under gas purchase contracts for sale to the Company and for ultimate delivery into the Company's system may be assigned or sold to the NGS as agent for the Customer of the NGS's Priority-One Pool. The assignment shall be structured at a monthly weighted average purchase cost of the assigned Pennsylvania-produced supplies. Such purchased gas cost shall include any volumetric delivery and fuel charges incurred by the Company for local production volumes delivered to the Company via interstate pipelines. The term of the assignment shall be from the first month in which the NGS renders commodity service to the Customer until the NGS's supply agreement with Customer expires, or as otherwise provided herein.

Assigned Pennsylvania-produced supplies shall be recallable by the Company only under the following circumstances:

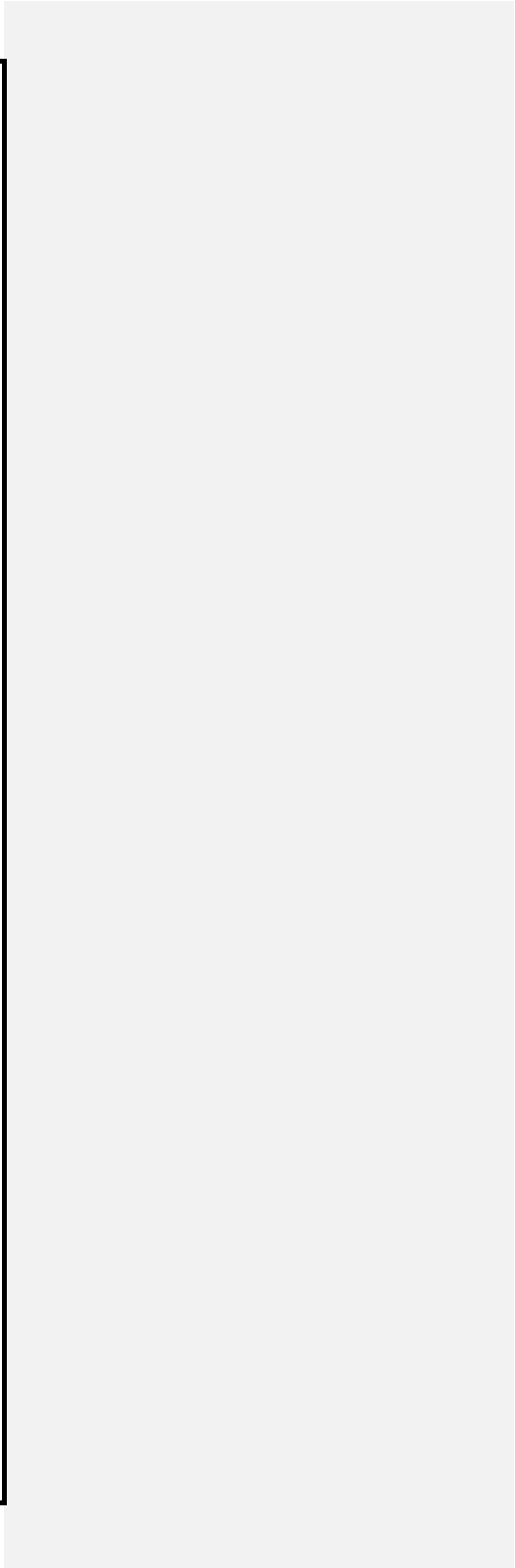
- (1) the Customer on whose behalf the supplies have been assigned is no longer served by the NGS; or
- (2) the NGS has failed to comply with terms and conditions set forth herein.

Assignment of Upstream Pipeline Capacity

This section applies to the Company's upstream pipeline capacity on Eastern Gas Transmission and Storage ("EGTS"), Texas Eastern ("TETCO"), Equitrans, and any other pipelines on which the Company may contract for capacity from time to time, excluding National Fuel Gas Supply Corporation and Columbia Gas Transmission, LLC.

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1. Assignment of Capacity (continued)

Consistent with FERC rules and regulations for capacity releases under state retail choice programs, upstream pipeline firm transportation capacity held by the Company shall be assigned to the NGS as agent for the Customers of the NGS's Priority-One Pool. The assignment shall be structured as a zero cost release of capacity provided, however, that the NGS should be responsible for paying all usage based pipeline charges. The term of the release shall be on a monthly basis, commencing with the first month in which the NGS rendered commodity service to the Customer to the earlier of the end of the seasonal period (Winter releases shall terminate March 31 and summer releases shall terminate October 31) or the termination date of the contract(s) between the Company and the upstream pipeline or the last month in which the NGS renders commodity service to the Customer on whose behalf the capacity had been assigned; provided however, the Company may in its discretion release such capacity on a monthly basis. The NGS must comply with all upstream pipeline requirements to become an eligible shipper on the upstream pipeline system. The NGS is responsible for paying all upstream pipeline variable charges incurred on the upstream pipeline.

The firm transportation capacity released pursuant to the previous section shall be recallable by the Company only under the following circumstances:

- a. the Customer on whose behalf the capacity has been assigned is no longer served by the NGS; or
- b. the NGS has failed to comply with the terms and conditions set forth herein.

Consistent with FERC rules and regulations for capacity releases under state retail choice programs, upstream pipeline storage capacity held by the Company shall be assigned to the NGS as agent for the Customers of the NGS's Priority-One Pool. The assignment shall be structured as a release of capacity at zero cost and may be subject to conditions of release (including, but not limited to, injection and withdrawal rights) that differ from the applicable upstream pipeline storage service.

The release shall terminate at the end of the then-current storage season pursuant to the applicable upstream pipeline rate schedule terms and conditions; provided, however, the Company may in its discretion release such capacity on a monthly basis.

Capacity released pursuant to this section shall be recallable by the Company only upon failure of the NGS to comply with the terms and conditions set forth herein or in connection with a buyback of gas by the Company as set forth in paragraph 2 of this rate schedule.

Assignment of Other Supplies

The Company reserves the right to assign or sell other gas supplies that are under contract with the Company and used to satisfy its Supplier of last resort obligation to Priority-One Customers. To the extent that a Priority-One Supplier receives an assignment of the Company's capacity it holds on the Equitrans System, the Company may provide Priority-One suppliers with an option to purchase from the Company a pro-rata share of the firm gas supplies available to the Company under its gas supply agreement with EQT Energy, LLC. Such purchase shall also occur if the Company determines that, as a result of the Priority One Customer's migration from supply service provided by the Company to supply service provided by P-1 NGSs, the amount of gas supplies under long term firm purchase contracts are in excess of the usage requirements of Supplier of last resort Customers currently served by the Company. (C)

(C) Indicates Change

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Assignment of Other Supplies (continued)

Such gas shall be sold to the NGS as agent for the Customer of the NGS's Priority One Pool. The sale shall be structured at the actual purchase cost of the supplies associated with firm purchase contracts.

Supplies sold under this section shall be discontinued by the Company under the following conditions:

1. The Customer on whose behalf the supplies have been sold is no longer served by the NGS;
or
2. The NGS has failed to comply with terms and conditions set forth herein.

Determination of Assignment Quantities

Unless provided otherwise herein, assignments of Pennsylvania-produced and other supplies, upstream pipeline firm transportation capacity and upstream pipeline storage capacity shall be assigned on a *pro rata* basis in accordance with the supply portfolio held by the Company at the time of assignment to serve its Priority-One Customers; provided, however, the Company shall not be required to assign capacity that is de minimis in nature. The Company will endeavor to accommodate a Priority-One supplier's request for particular upstream pipeline capacity on a first-come first-served basis.

The Company will evaluate the capacity and supply assignments made to the NGS as agent for Customers of the NGS's Priority-One Pool monthly based on the methodology set forth above. The evaluation will include an assessment of whether the upstream pipeline storage capacity assignments are adequate to serve the needs of the Customers of the Pool Operator at that time. To the extent that the evaluation so indicates, revisions to the upstream pipeline storage and storage capacity assignments will be made effective with the summer period. To the extent that the winter evaluation so indicates, the Company may require the NGS to secure additional reliable natural gas commodity, capacity and delivery service to meet the needs of the NGS's Customers. In addition to the preceding, the Company will evaluate the capacity assignments made pursuant to this section from time to time to ensure adequate compliance with its provisions.

Capacity assigned to the NGS hereunder by the Company may be traded with other Priority-One NGSs as long as each NGS retains an aggregate amount determined by the Company to be necessary to satisfy the total demands of the NGS's Customers. Such trading may occur no more frequently than twice per calendar year unless otherwise agreed to by the Company. Any capacity trades must be reduced to writing and provided to the Company for final approval.

Any assignments made pursuant to this tariff are made subject to any order of the Commission. Should the Commission, or anybody authorized by law require a disallowance in the Company's rates that is directly attributable to the Company's assigning or transferring gas supplies to the NGS pursuant to these procedures, the NGS agrees to reimburse to the Company within 30 days of notification of any monies disallowed by the Commission or such other body that are directly attributable to the NGS. The Company shall provide such notification no later than thirty (30) days after a final order is entered by the Commission or other such body.

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2. Nomination Procedures

Refer to Rule 11 of the Rules and Regulations.

3. Storage Gas Transfers

Storage Gas Sold by the Company

- a. Storage gas transfers may be required by the Company under the following conditions:
 - i. The NGS is unable to attain the storage inventory level required by the upstream storage service as a result of Customers initially receiving service from the NGS after the commencement of the Summer Period; or
 - ii. The NGS is assigned upstream pipeline storage capacity during the Winter Period as a result of Customers initially receiving service from the NGS during the Winter Period.
- b. The maximum volume of storage gas transfers for the applicable month shall be determined as follows:
 - i. For assigned upstream pipeline storage capacity, the maximum storage gas transfer shall be the upstream pipeline storage capacity incrementally assigned for the month multiplied by the estimated beginning of the month percentage of the Company's upstream pipeline storage inventory level to the Company's upstream pipeline storage capacity.

Storage gas transfers shall not be allowed if in the Company's sole discretion it determines such transfers would be detrimental to the operation of the Company's system or its ability to meet Retail Sales Demand in a cost effective manner.

The storage gas transfer price each month shall be at the Company's estimated commodity cost of storage gas for the year, plus any applicable taxes. The storage gas transfer price shall be reconciled each calendar year to take into account the actual commodity cost of gas injected into storage net of withdrawals for the current year and, as applicable, the commodity cost of gas from previous years' LIFO inventory layers. The Company shall bill such additional costs as soon as practicable. With respect to storage gas transfers from upstream pipeline storage capacity, the NGS will pay an additional charge equal to the upstream pipeline storage capacity injection and storage fuel charges.

Storage Gas Purchased by the Company

In the event 1) the NGS's Priority-One Pooling Agreement is terminated or canceled or 2) the NGS is no longer serving Customers on whose behalf the storage capacity has been assigned and to the extent the Company in its sole judgment determines it operationally requires such storage capacity to serve the returning Customers, the Company shall have the right, but not the obligation to purchase up to the remaining storage gas in upstream pipeline storage inventories or up to the volumes in storage attributable to the NGS's load loss, respectively. The buyback rate shall be the lower of 1) Storage Gas Transfer Price or 2) the midpoint index price for gas delivered to Eastern Gas Transmission and Storage's Appalachia Eastern Gas South index as published on the effective date of the buyback plus firm transportation charges to bring the gas to the Company's system, including applicable fuel retainage.

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3. Storage Gas Transfers (Cont.)

To the extent this provision is invoked and the NGS's storage gas in inventory is below the minimum inventory levels required by these procedures and the Company is required to purchase additional gas supplies on the open market, the NGS agrees to pay the Company an amount equal to the deficiency in volumes from the required inventory levels multiplied by the difference between the price the Company paid and the buyback rate.

4. Load Forecasting

The Company will provide the Pool Operator with a daily projection of the amount of gas to be delivered to the Company to satisfy the estimated daily consumption of all the Customers in the pool (Aggregate Daily Consumption Volume) at least two days in advance of when Pool Operators must deliver volumes to the Company. The Company may issue OFOs consistent with the terms of the Company's tariff and, as a result, may provide the Pool Operator with daily projections less than two days in advance.

In a format suitable to the Company, the Pool Operator will provide sufficient information about the Priority-One transportation Customers, whose natural gas requirements shall be supplied by the Pool, for the Company to identify them in the Company's billing system. In the event that those Customers shall vary during the term of the Priority One Agreement, Pool Operator shall provide an updated list of Customers to the Company as soon as reasonably possible.

Each of the Customers of Pool Operator's Priority-One Pool must have all of their natural gas consumption over the entire Customer Billing Cycle supplied by Priority-One Pool volumes nominated by Pool Operator. Seven business days prior to the first nomination period, the Company shall provide Pool Operator an initial listing of the end-use Customer accounts to be served by the Pool Operator's Priority-One Pool during the period to which the nominations apply and one week prior to the nomination period for each subsequent month, a listing with additions and deletions from the initial list.

Each Monday through Friday before 10:00 a.m., the Company will provide a projection of the Aggregate Daily Consumption Volume of the Customers of the Pool Operator's Priority-One Pool for the current and subsequent two days. During periods in which no Operational Flow Orders have been issued, the Company will use the following schedule to establish the Aggregate Daily Consumption Volume for which the Pool Operator will be held accountable:

<u>The Projection</u> <u>Provided On:</u>	<u>Will Be Used to Establish the Aggregate Daily</u> <u>Consumption Volume Accountability for the Following:</u>	
Monday	Wednesday	
Tuesday	Thursday	
Wednesday	Friday	
Thursday	Saturday, Sunday and Monday	(C)
Friday	Tuesday	(C)

- a. During periods in which an OFO is in effect, the Company shall establish the Aggregate Daily Consumption Volume no later than 10:00 a.m. of the same Day; or
- b. During periods when the mean average temperature is projected to be below 20 degrees Fahrenheit and the mean average temperature projection changes to be colder by at least 4 degrees Fahrenheit, the Company may establish the Aggregate Daily Consumption Volume for a particular day by giving 24 hour notice to the Pool Operator.

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5. Daily Gas Deliveries and Balancing

The Pool Operator must acquire an adequate supply of natural gas (including any assigned volumes) of a quality acceptable to the Company, including allowances for any retention required by upstream pipelines and the Company, and arrange for the delivery of such gas supply to delivery points specified by the Company.

Any differences between the Aggregate Daily Consumption Volume and the Daily Available Volumes during periods in which no OFOs have been issued shall be subject to the following balancing charges:

Negative Daily Imbalance - The negative imbalance volume will be sold by the Company at the Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Eastern South on the day the shortfall occurs multiplied by 120%. Volumes sold by the Company are subject to applicable taxes

Positive Daily Imbalance - The positive imbalance volume will be purchased by the Company at Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Eastern South on the day the excess occurs multiplied by 85%.

In the event Pool Operator fails to provide cumulative Daily Available Volumes plus pool-to-pool transferred volumes equal to at least 75% of cumulative daily pool requirements over two or more consecutive months, the Company may, at its sole discretion in accordance with reasonable and standard industry practice, recall or otherwise withdraw any capacity rights assigned to the Pool Operator upon five (5) days written notice to the Pool Operator and terminate the Agreement upon ten (10) days written notice to Pool Operator.

In the event the Pool Operator fails to provide Daily Available Volumes plus pool-to-pool transferred volumes equal to at least 50% of daily pool requirements for five or more days in each of two consecutive month the Company may, at its sole discretion in accordance with reasonable and standard industry practice, recall or otherwise withdraw any capacity rights assigned to the Pool Operator upon five (5) days written notice to the Pool Operator and terminate the Agreement upon ten (10) days written notice to Pool Operator.

6. Reconciliation of Monthly Volumes

The difference between aggregate monthly consumption volume and the sum of the aggregate daily consumption volume, as adjusted for any prior month billing corrections, shall be reconciled monthly. The difference shall be reconciled in the next calendar month following its determination (the "Adjustment Month") by adjusting the NGS's aggregate daily consumption volume on each day in the Adjustment Month by an amount equal to the difference divided by the number of days in the Adjustment Month or by other methods as made available by the Company, including, but not limited to, selling or purchasing additional supplies, transferring gas in storage, or pool-to-pool transfer.

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RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

AVAILABILITY

Service under this rate schedule is available to any Non-Priority One Pool Operator who has entered into a Non-Priority One Pooling Agreement with the Company and demonstrates to the Company's satisfaction that it has met the Company's creditworthiness standards and bonding requirements. Customers must assign their rights provided under the applicable transportation rate schedules to said Pool Operators.

Unless otherwise agreed to by the Company, an NGS that operates both a P1 and NP-1 pool must serve its P1 Customers from its P1 pool and serve its NP-1 Customers from its NP-1 pool. If the Non-Priority One Pool Operator supplies Priority One Customers with a total annual consumption greater than 30,000 mcf and does not operate a P1 pool, then the Non-Priority One Pool Operator shall establish a separate Priority One Pool for these Customers or eliminate sufficient Priority One Customers from the Non-Priority One Pool to reduce the total annual consumption by Priority One Customers to an amount less than 30,000 mcf.

RULES AND CONDITIONS

1. Scheduling of Service

All transportation volumes received for Pool Operator's account at transportation receipt points shall be nominated in advance according to the procedures set forth below. Pool Operators may not nominate volumes in excess of the total maximum daily volumes of its Customers as determined by the Company or as set forth in a Customer's transportation contract with the Company, times the number of days in the month. The Company may issue Operational Flow Orders consistent with the terms of the Company's tariff.

2. AVC Capacity

Consistent with FERC's rules and regulations for capacity releases under state retail choice programs, upstream pipeline firm transportation capacity held by the Company on the Allegheny Valley Connector ("AVC") pipeline system may be assigned to the NGS as agent for the Customers of the NGS's Non-Priority One Pool. The assignment shall be structured as a zero cost release of capacity, provided, however, that the NGS should be responsible for paying all usage based pipeline charges. Assigned capacity shall be subject to recall to at the Company's discretion.

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RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

4. Supply Option

The Company may make available gas supplies to Non-Priority One pools upon request. Supplies sold under this section may be recalled by the Company upon 24-hour notice.

5. Nomination Procedures

Refer to Section 11 of the Rules and Regulations.

6. Terms and Conditions for Non-Priority One Pool Access to Balancing Volumes

AVAILABILITY

The Company will make available for purchase by Non-Priority One pool volumes used by the Company to provide balancing services for Non-Priority One Customers.

The Company will purchase balancing volumes based on the Summer Period schedule set forth below. Such volumes shall be purchased by the Company at the first of the month Eastern ~~Gas Transmission and Storage~~ (“EGTS”) Appalachia Index price as published in *Inside FERC’s Gas Market Report*. The Company will sell balancing volumes on the Winter Period schedule set forth below. Such monthly volumes shall be sold to Non-Priority One pools at a price equal to the sum of:

1. Weighted average cost of balancing volumes purchased during the summer season;
2. The Company’s carrying costs associated with balancing volumes purchased by the Company to be sold to Non-Priority One pools. The rate used to calculate the carrying costs shall be based on the Company’s actual short-term debt cost rate; and
3. Any applicable interstate pipeline volumetric charges and fuel associated with the delivery of any balancing volumes to the Company’s system.

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NON-PRIORITY ONE POOLING SERVICE

6. Terms and Conditions for Non-Priority One Pool Access to Balancing Volumes (continued)

All of the revenues generated by the sale of balancing gas to the Non-Priority One pools shall be credited to Customers through the 1307(f) mechanism.

The amount of balancing volumes to be made available for purchase by each Non-Priority One pool will be determined based on the percentage of projected balancing fee revenues served by each Non-Priority One pool to total projected balancing fee revenues served by all Non-Priority One pools, based on January business of each year. The Company will inform each Non-Priority One pool of its allocation of balancing volumes available for purchase no later than nine business days before the end of March and each Non-Priority One pool must inform the Company of the amount of balancing volumes to be purchased, up to 100 percent of its allocated volumes, no later than six business days before the end of March. Any balancing volumes not accepted for purchase by a Non-Priority One pool shall be utilized by the Company and will not be made available to other Non-Priority One pools throughout the winter season. The amount of balancing volumes accepted by a Non-Priority One pool shall be final for the ensuing winter period and shall fix the volume of balancing to be purchased and which the Non-Priority One pool is obligated to utilize throughout the entire winter period.

SUMMER PERIOD PURCHASE

Balancing volumes will be purchased by the Company according to the following schedule, with daily purchase volumes in a given month determined by dividing the monthly amount by the number of days in the month:

April and October -	1/12 th of allocated balancing volumes
May – September -	1/6 th of allocated balancing volumes

WINTER PERIOD SALE

Balancing volumes shall be sold by the Company according to the following schedule, with daily volumes in a given month determined by dividing the monthly amount by the number of days in the month:

November -	9 percent of allocated balancing volumes
December -	17 percent of allocated balancing volumes
January -	27 percent of allocated balancing volumes
February -	27 percent of allocated balancing volumes
March -	20 percent of allocated balancing volumes

OTHER PROVISIONS

Annual Level of Balancing Volumes to be Made Available for Purchase

On an ongoing annual basis, the Company shall review the total level of balancing volumes made available for sale to Non-Priority One pools and, based on changes in the total annual volumes served by all Non-Priority One pools, may revise from year to year the total level of available balancing volumes. Any proposed revisions to the total level of balancing volumes shall be reflected in the Company's annual 1307(f) filings and will be determined by multiplying a factor of 46.7% times forecasted January Non-Priority One transportation usage. The Company shall, ~~for a period of three years,~~ notify active Non-Priority One suppliers of any proposed revision to the total level of balancing volumes at the time of any annual 1307(f) filing containing such a revision.

ISSUED: March 27, 2026

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PEOPLES NATURAL GAS COMPANY LLC

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RATE NP-1
NON-PRIORITY ONE POOLING SERVICE

6. Terms and Conditions for Non-Priority One Pool Access to Balancing Volumes (continued)

Calendar Month Pool Supply

Balancing gas volumes purchased will be considered as part of the Monthly Available Volumes during periods in which no OFOs have been issued and will have first priority.

All Supplier Tariff provisions shall apply to Non-Priority One pool access to balancing volumes unless otherwise modified herein.

7. Daily Load Forecasting and Balancing

The Company will provide the Pool Operator with a daily projection of the amount of gas to be delivered to the Company to satisfy the estimated daily consumption of all the Customers in the pool (Aggregate Daily Consumption Volume) at least 7 days in advance of the start of the month. This projection will be based on estimated monthly usage divided by the number of days within the month. The Aggregate Daily Consumption Volume will remain the same throughout the month and any difference in actual monthly usage will be reflected in the calculation of the following month's Aggregate Daily Consumption Volume. The Company reserves the right to adjust the Aggregate Daily Consumption Volume due to weather or large known consumption variations.

Any difference between the Customers' Aggregate Daily Consumption Volume and the Daily Available Volumes, during periods in which no OFOs have been issued, shall be subject to the following balancing charges:

Negative Daily Imbalance - The negative imbalance volume will be sold by the Company at the Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Eastern Gas South on the day the shortfall occurs multiplied by 120%. Volumes sold by the Company are subject to applicable taxes.

Positive Daily Imbalance - The positive imbalance volume will be purchased by the Company at Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Eastern Gas South on the day the excess occurs multiplied by 85%.

In the event Pool Operator fails to provide cumulative Daily Available Volumes plus pool-to-pool transferred volumes equal to at least 75% of cumulative daily pool requirements over two or more consecutive months, the Company may, at its sole discretion, in accordance with reasonable and standard industry practice, terminate the Pooling Agreement.

The difference between Calendar Month Pool Supply and Calendar Month Pool Sendout, as adjusted for any prior month billing corrections, may be reconciled monthly. The difference shall be reconciled in the next calendar month following its determination (the "Adjustment Month") by adjusting the NGS's Daily Available Volume on each day in the Adjustment Month by an amount equal to the difference divided by the number of days in the Adjustment Month or by other methods made available by the Company including, but not limited to, the selling or purchasing additional supplies, transferring gas in storage, or pool-to-pool transfer.

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RATE NP-1
NON-PRIORITY ONE POOLING SERVICE (cont.)

8. Local Gas Volumes

Refer to Rule 11, part (c), for nomination and reconciliation details.

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RATE LGA
LOCAL GAS AGGREGATION SERVICE

AVAILABILITY

Service under this rate schedule is available to any Aggregator who has entered into a Local Gas Aggregation Agreement with the Company and demonstrates to the Company's satisfaction that it has met the Company's creditworthiness standards and bonding requirements.

The locally produced gas nominated out of the Local Gas Aggregation Pool will be balanced monthly with actual production delivered into the Company's system.

RULES AND CONDITIONS

1. Points of Receipt

The points of receipt for local gas aggregation shall be those metering stations identified by the Aggregator in its Measurement Operating Agreement with the Company or any other designated point where gas is delivered into the Company's system. The Aggregator will pay for any investment costs required to receive gas into the Company's system at agreed-upon transportation gas receipt points. The Company will own and maintain each natural gas connection's tapping tee or pipe and valve.

2. Nomination of Aggregated Production

Refer to Rule 11 of the Rules and Regulations.

3. Aggregation Balancing

Volumes nominated into a Local Gas Aggregation Pool shall equal the volumes delivered out of the Local Gas Aggregation Pool. Aggregators will not be permitted to deliver more gas out of the pool than is nominated into the pool in any given month. If daily volumes nominated into a Local Gas Aggregation Pool are greater than the daily volumes delivered out of the Local Gas Aggregation Pool, those volumes shall be sold to the Company at the Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Eastern South on the day the excess occurs multiplied by 85%.

4. Procedures When a Local Gas Aggregator Exits the System

Refer to Rule 11, part (c).

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RATE SBS
SUPPLIER BILLING SERVICE

AVAILABILITY

Service under this rate schedule is available to the NGS which receives service under Rate P-1 or Rate NP-1 and elects to have the Company bill Customers for natural gas supplied by the NGS.

RULES AND CONDITIONS

1. Limitations

The Company shall provide service under this rate schedule provided that its billing systems have the capacity and capability to bill the rate plans offered by the NGS. The Company shall maintain a limited amount of billing system space and accordingly, shall offer only a limited number of price plans per NGS. The Company shall not be required to make programming changes to accommodate the NGS's rate structure.

2. Notifications

Prior to the NGS commencing marketing, the NGS shall provide a written copy of its rate structure to the Company. All rate information received by the Company shall be confidential.

The NGS shall be notified within ten (10) business days after the Company receives a written copy of the NGS's rate structure if such rate structure can (or cannot) be accommodated by the Company's billing system. The NGS shall not commence marketing until it receives a positive affirmation that its rate structure can be accommodated by the Company.

The NGS must provide fifteen (15) day's notice to the Company of any rate changes, which changes shall be subject to the Company's approval based on the Company's ability to accommodate such changes in its programming. Approved rate changes shall be effective on the Customer's next billing date.

3. Bill Content

The bill sent to the Customer shall be provided under the following conditions:

- a. The NGS's name, phone number, business address and internet address shall appear on the bill so the NGS can answer any Customer questions regarding commodity charges.
- b. The billing envelope shall not provide space for inserts from the NGS. The bill shall not include messages from the NGS.
- c. The bill shall contain the NGS's Commodity charges. The Company shall not be required to bill any charges other than gas commodity charges.
- d. The Company will house, bill and display sales tax on the commodity and remit sales tax to the state. The NGS appoints the Company as its agent for the limited purpose of collecting and remitting the NGS's sales tax, and further agrees to indemnify and hold the Company harmless for any claims, suits and/or damages that arise due to the Company acting as the NGS's agent in collecting and remitting such taxes.
- e. The Company shall offer a separate billing option for residential Customers to equalize monthly payments.

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**RATE SBS
SUPPLIER BILLING SERVICE**

4. Purchase of Receivables

NGSs that receive service under this rate schedule may elect to have the Company purchase its accounts receivables. The NGS's option to participate or not participate in the Purchase of Receivables (POR) program is limited to once per year. If an existing NGS elects to participate in the POR program, the Company will not purchase accounts receivable balances that existed prior to the NGS's election to participate in the POR program.

Purchase of Receivables Option

The following operating rules will apply to any NGS electing to participate in the POR program:

1. The POR program is only available to NGSs that operate a P-1 or NP-1 pool. The Company shall purchase receivables for all Customers in a participating pool. All Customers served from a P-1 pool are eligible to have their receivables purchased by the Company. If an NP-1 pool opts to participate in the POR program, the Company shall purchase receivables for only residential and small business Customers consuming less than 1,000 Mcf annually. NGSs serving NP-1 Customers and participating in the POR program must operate a separate NP-1 pool for residential and small business Customers (POR pool) and a separate NP-1 pool for all other Customers;
2. The NGS must include all of its accounts receivable related to commodity sales in its P-1 pool or its NP-1 POR pool (Refer to Availability under Rate P-1 and Rate NP-1);
3. Only receivables associated with basic gas supply will be eligible for purchase by the Company. Basic gas supply does not include a non-gas supply product, carbon-neutral products not tied to the actual provision of natural gas to Customers or security deposits assessed by a natural gas supplier. For residential accounts, basic gas supply shall also not include early contract cancellation fees or late fees;
4. In order to participate in the POR program, the NGS must use consolidated billing services under this rate schedule. Should the NGSs participating in the POR program wish to offer products that are bundled with non-basic services, or where the Company's billing service cannot accommodate the NGS's charge for basic supply, the NGS may issue a separate bill for such service or product for that Customer. NGS separately billed items will not be included in the POR program;
5. The Company will purchase NGS receivables at a discount rate equal to the write-off factor used to derive the Merchant Function Charge. The discount rate for residential Customer receivables is 2.201.930%. The discount rate for commercial and industrial Customer receivables is 0.332423%. The discount rate applicable to each POR pool (Pool Discount Rate) shall be established by the Company and shall be based on the weighted average of the class specific accounts receivables and the class specific discount rates stated above. The Company shall have the right to review and adjust the Pool Discount Rate on a monthly basis to reflect the actual mix of Customers served by the pool;
- ~~6. An administrative adder of 0.0213% will also be applicable to purchased receivables. The administrative adder will be eliminated once actual costs of establishing the POR program are recovered;~~
- ~~7.6~~ The Company shall terminate for the full amount of purchased receivables and require full payment for reconnection in accordance with the service termination provisions of Chapter 14 of the PA Public Utility Code and Chapter 56 of the Commission's regulations;
- ~~8.7~~ The Company shall inform all eligible Customers by separate bill insert of the policy for termination of service and that service may be terminated for failure to pay NGS supply charges. Further, the enrollment letter sent to Customers selecting a NGS shall state that service may be terminated for failure to pay NGS supply charges;
- ~~9.8~~ The NGS must confirm to the Company that their Customer terms and conditions are appropriately revised to reflect their collection rights; and
9. The NGS will not deny service to residential Customers whose accounts are included in POR for credit-related reasons and will not ask residential Customers for deposits separate from any deposit required by the Company pursuant to Commission regulations.

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RATE SBS
SUPPLIER BILLING SERVICE

Purchase of Receivables (continued)

~~4.1. The NGS will not deny service to residential Customers whose accounts are included in POR for credit related reasons and will not ask residential Customers for deposits separate from any deposit required by the Company pursuant to Commission regulations.~~

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Non-Purchase of Receivables Option

The Company will remit to the NGS on a monthly basis all amounts actually paid to the Company by the Customer relating to the charges billed to the Customer on behalf of the NGS, net of amounts due to the Company from the NGS. The amounts remitted to the NGS shall also conform to requirements on the Application of Partial Payments – Rule 5.

5. Application of Partial Payments

The Company will apply partial payments in accordance with Commission guidelines. The following order for the application of partial payments shall apply to all residential Customers and for other Customers whose gas supply contract does not specify the application of partial payments:

- a. Payment agreement for pre-existing balance;
- b. Current company charges;
- c. NGS charges;
- d. Non-basic service charges; and
- e. Hardship energy fund contribution.

RATE TABLE

Billing Fee: \$0.~~45~~25 billing charge per Customer per month.

To the extent the NGS has provided the Company with inaccurate or erroneous information which requires an adjustment to Customer's bills, the NGS agrees to pay the Company \$2.00 per bill for bill credits and \$4.00 per bill for any Customer's bill that must be canceled and rebilled. The Company may assess a nominal fee to a NGS for reproduction copies of any daily or monthly file previously provided by the Company.

ISSUED: March 27, 2026

EFFECTIVE: May 26, 2026

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
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	:	
v.	:	Docket No. R-2026-3060855
	:	
	:	
	:	
Peoples Natural Gas Company LLC	:	

**PREPARED DIRECT TESTIMONY OF
ANTON RIBICH
FINANCE AND RATES ANALYST
PEOPLES NATURAL GAS COMPANY LLC**

DATE SERVED: March 27, 2026
DATE ADMITTED: _____

Peoples Statement No. 14

**PREPARED DIRECT TESTIMONY OF
ANTON RIBICH**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Anton Ribich and my business address is 375 North Shore Drive, Pittsburgh,
3 Pennsylvania 15212.

4
5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by PNG Companies LLC (“PNG Companies”) as a Finance and Rates
7 Analyst. I provide rates and regulatory services for Peoples Natural Gas Company LLC
8 (“Peoples” or the “Company”).

9
10 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK
11 EXPERIENCE IN THE GAS INDUSTRY.**

12 A. I received a Bachelor of Arts degree in Accounting from Washington and Jefferson College
13 in 2013 and a Master of Business Administration degree with a concentration in Business
14 Analytics from California University of Pennsylvania (now known as Pennsylvania
15 Western University) in 2021.

16 Prior to joining Peoples, my experience in the gas distribution industry began when
17 I was employed as a Regulatory Analyst for Columbia Gas of Pennsylvania and Columbia
18 Gas of Maryland (both NiSource Inc. subsidiaries) from 2020 to 2024. As a Regulatory
19 Analyst, I assisted in the coordination of regulatory activity, including rates and tariffs,
20 before the Pennsylvania Public Utility Commission (“Commission”) and the Public
21 Service Commission of Maryland. In March 2024, I joined Peoples in my current role as a

1 Finance and Rates Analyst. My general responsibilities in my role at Peoples include
2 analyses, computations, and support of rates and regulatory activity for the Company.

3
4 **Q. HAVE YOU PREVIOUSLY OFFERED TESTIMONY IN REGULATORY**
5 **PROCEEDINGS?**

6 A. Yes. I have previously submitted testimony before the Maryland Public Service
7 Commission in regulatory proceedings, supporting Columbia Gas of Maryland's
8 Purchased Gas Adjustment in Case No. 9510(r). Additionally, I have testified before this
9 Commission at Docket No. R-2025-3053184 supporting the Company's 2025 1307(f)
10 Purchased Gas Cost proceeding as the Design Day Planning witness.

11
12 **Q. ARE YOU SPONSORING ANY FILING REQUIREMENTS OR OTHER**
13 **EXHIBITS IN THIS PROCEEDING?**

14 A. Yes. Attached to this Direct Testimony as Appendix A is a complete list of the exhibits
15 for which I am the responsible witness.

16
17 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

18 A. I am responsible for developing the value of Cash Working Capital. I have also prepared
19 **Peoples Natural Gas Exhibit No. AR-1**, which includes the lead-lag study in support of
20 the Company's cash working capital requirement pursuant to Section 53.53 III. A.15 of the
21 Commission's standard filing requirements.

1 **Q. HAS THE COMPANY PERFORMED A STUDY TO DETERMINE THE LEVEL**
2 **OF CASH WORKING CAPITAL REQUIRED TO FINANCE ITS DAY-TO-DAY**
3 **OPERATIONS?**

4 A. Yes, the Company performed a lead-lag study by analyzing the Company’s cash
5 transactions and invoices for the twelve months ended November 30, 2025.

6

7 **Q. PLEASE DEFINE WHAT YOU MEAN BY THE PHRASE “CASH WORKING**
8 **CAPITAL”.**

9 A. Cash working capital is the amount of funds required to finance the day-to-day operations
10 of the Company.

11

12 **Q. HOW ARE THE RESULTS OF THE CASH WORKING CAPITAL ANALYSIS**
13 **TREATED FOR RATEMAKING PURPOSES?**

14 A. The cash working capital requirements are included as part of the Company’s rate base for
15 ratemaking purposes.

16

17 **Q. WHAT IS A LEAD-LAG STUDY?**

18 A. A lead-lag study is used to track the timing of cash flow within a utility. The study is
19 performed by analyzing the differences between the revenue “lags” and the expense “leads”
20 of the Company. The revenue lag reflects the time between the date customers receive
21 service and the date that customers’ payments are available to the utility. This revenue lag
22 is offset by an expense lead time, or the time between the utility incurring costs for goods
23 or services and the disbursement of subsequent payments for those goods or services. The

1 leads and lags are both measured in days. The dollar-weighted lead and lag days are then
2 divided by 365 to determine a daily cash working capital factor (“CWC factor”) for each
3 specified expense category in the study. These CWC factors are then multiplied by the
4 applicable annual test year cash expenses to determine the amount of cash working capital
5 required for operations. The resulting amount of cash working capital is then included as
6 part of the utility’s rate base.

7
8 **Q. WHAT ARE THE VARIOUS LEADS AND LAGS THAT SHOULD BE**
9 **CONSIDERED IN A CASH WORKING CAPITAL ANALYSIS?**

10 A. Two broad categories of leads and lags should be considered: 1) lag times associated with
11 the collection of revenues owed to the utility; and 2) lead times associated with the payments
12 for goods and services received by the utility.

13
14 **Q. WHAT WAS THE SOURCE OF INFORMATION YOU EMPLOYED TO**
15 **DETERMINE THE LEADS AND LAGS IN YOUR CASH WORKING CAPITAL**
16 **ANALYSIS?**

17 A. Data from the Company’s Accounts Payable, Accounts Receivable (“A/R”), Payroll, and
18 Tax accounts were utilized. The information derived from these sources, together with
19 analyses of specific invoices, led to the determination of the appropriate number of lead-lag
20 days for the Company.

21
22 **Q. WHAT IS A REVENUE LAG AND HOW IS IT DETERMINED?**

1 A. The revenue lag measures the number of days from the date service was rendered by the
2 Company until the date payment was received from customers and such funds were available
3 to the Company. In this study, the revenue lag was divided into three distinct components:
4 1) service lag; 2) billing lag; and 3) collections lag. Considered together, these three
5 components of retail revenue lag totaled a weighted average of 58.93 lag days. An
6 explanation of each component of the base revenue lag follows.

7

8 **Q. WHAT IS MEANT BY SERVICE LAG?**

9 A. The service lag refers to the period of time from when service is rendered to the time the
10 customer's meter is read. Using the mid-point methodology, the average service lag
11 associated with meter reading was 15.21 days (365 days in the year divided by 12 months
12 divided by 2). Twelve months was appropriate to use for purposes of determining the service
13 lag because the Company bills its customers monthly.

14

15 **Q. WHAT IS THE MID-POINT METHODOLOGY?**

16 A. For purposes of determining the service lead or lag, the Company's methodology presumes
17 that the service was provided (or received) evenly over a given period (i.e., a month). Adding
18 the one-half month to the derivation of the lead or lag is referred to as the mid-point
19 methodology.

20

21 **Q. WHAT IS MEANT BY BILLING LAG?**

22 A. Billing lag refers to the average number of days from the date on which the meter was read
23 until the date a customer is billed. Based upon the percentage weighted distribution of the
24 mailing of the bills, the Company determined the billing lag to be 1.0 day.

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Q. WHAT IS MEANT BY COLLECTIONS LAG?

A. The collections lag refers to the average amount of time from the date when the Company mailed a bill to the date that the Company received payment from its customers. As shown on page 2 of **Peoples Natural Gas Exhibit No. AR-1**, the Company calculated collections lag using the days in accounts receivable methodology. First, average monthly accounts receivable is calculated by adding the end of month accounts receivable balances for each month in the preceding 12 months to the historic test year and dividing the total by 12. Then, A/R Turnover is calculated by taking the trailing twelve months sales divided by the average accounts receivable balance. Finally, we calculate the collection days lag by taking 365 divided by the A/R Turnover previously calculated. Based on this approach, the average collection lag at the Company was determined to be 42.72 days.

Q. PLEASE SUMMARIZE THE CALCULATION OF REVENUE LAG DAYS.

A. The calculation of the overall revenue lag, by lag component is summarized in the following table:

Revenue Lag Component	Lag Days
Service Lag	15.21
Billing Lag	1.0
Collections Lag	42.72
Total Lag Days	58.93

1 **Q. WHAT EXPENSE-RELATED LEADS WERE CONSIDERED IN THE LEAD LAG**
2 **ANALYSIS?**

3 A. Lead times associated with the following expense categories were considered in the study:
4 a) Gas Purchase Costs; b) Payroll; c) Benefits; d) Taxes other than Income Taxes; e) Other
5 Operations and Maintenance Expenses; f) Federal Income taxes; g) State Income Taxes; and
6 h) Interest on Long-term Debt.

7
8 **Q. WHAT TYPES OF LEADS WERE ASSOCIATED WITH THE COMPANY'S**
9 **PURCHASES OF NATURAL GAS?**

10 A. Pipeline companies typically send out invoices around the 10th of the month following the
11 service month with payments due 10 days later. Payments to suppliers were made
12 electronically. The Company also purchases gas from local producers. The Company reads
13 the meters at the end of each month and cuts a check to the producer on the last day of the
14 following month. As shown on pages 3 through 6 of **Peoples Natural Gas Exhibit No. AR-**
15 **1**; the Company used payment data for the twelve months ended November 30, 2025, and
16 determined that the expense lead time associated with payments for natural gas and pipeline
17 services, including an average of 14.7 days of service lead time, was 33.52 days.

18
19 **Q. PROVIDE AN EXPLANATION OF THE LEAD ASSOCIATED WITH THE**
20 **COMPANY'S PAYROLL EXPENSES.**

21 A. The Company's payroll records were analyzed to measure the number of lead days between
22 the Company's receipt of services from its employees and the payment for those services.
23 This includes union and salaried payroll as well as annual incentive payout. As shown on

1 page 7 through 9 of **Peoples Natural Gas Exhibit No. AR-1**, payroll lead days were
2 calculated by calculating the unweighted (or nominal) lead time by pay day and pay-cycle
3 including a mid-point of the pay period as indicative of a service lead time and weighting
4 the resulting lead days by the amounts paid out by the Company to cover its payroll
5 obligations. The Company's pay-roll cycles are bi-weekly, resulting in a total average
6 payroll expense lag of 15.66 days.

7
8 **Q. WHAT TYPE OF LEADS ASSOCIATED WITH THE COMPANY'S EMPLOYEE**
9 **BENEFIT PROGRAMS WERE CONSIDERED IN THE ANALYSIS?**

10 A. As shown on page 10 of **Peoples Natural Gas Exhibit No. AR-1**, the estimated lead times
11 associated with the following major categories of the Company's employee benefit
12 programs were considered: employee benefits including medical, dental, group life, group
13 health, and other employee programs. The medical benefits calculation is for lead time of
14 premium payments and is based on the midpoint of an estimated monthly premium amount.
15 These premiums are typically paid in full before the next month of coverage begins. The
16 monthly amortization of the Company's annual contribution to employee health savings
17 accounts ("HSA's") is also included in these benefits programs. All of these benefits and
18 programs taken together, had a dollar-weighted lead time of -3.68 days.

19
20 **Q. HOW WAS THE EXPENSE LEAD TIME ASSOCIATED WITH THE COMPANY'S**
21 **OTHER BENEFIT PROGRAMS DETERMINED?**

22 A. The Company is billed monthly by each of its benefit providers. The bill may consist of
23 service costs and/or administrative fees. The invoices are typically paid within one week

1 following the receipt of the invoice. Funds for 401K accounts are sent the day following pay
2 day. Employer HSA contributions are paid annually and amortized over a 12 month period.

3
4 **Q. WHAT ARE OTHER OPERATIONS AND MAINTENANCE EXPENSES AND**
5 **WHAT LEAD TIMES WERE ASSOCIATED WITH SUCH EXPENSES?**

6 A. The Company engages in transactions with other vendors (not associated with pensions,
7 benefits, payroll, natural gas and pipeline services, or taxes) for a variety of purposes
8 including facility maintenance, maintenance of system reliability, and customer service. As
9 shown on pages 11 through 15 of **Peoples Natural Gas Exhibit No. AR-1**, a random sample
10 of invoices from these service providers was analyzed to estimate a lead time for payment
11 of services related to operations and maintenance activities. The analysis indicates that on
12 average, invoices were paid by the Company 42.87 days after receipt.

13
14 **Q. WHAT ARE THE GENERAL TAXES CONSIDERED IN THE ANALYSIS OF**
15 **EXPENSE LEADS?**

16 A. As shown on page 16 through 17 of **Peoples Natural Gas Exhibit No. AR-1**, the following
17 general taxes and similar assessments were considered in the study: a) property taxes; b)
18 State & Federal Alternative Fuel Taxes; c) U.S. DOT Fees; d) Federal Heavy Highway
19 Taxes; e) PUC assessments; f) WV Gas Stored Tax; g) PURTA; and h) Sales and use taxes.
20 Payroll-related taxes were not considered in the analysis because the funds associated with
21 those taxes are forwarded to our payroll processor, at the same time as the payroll funds.
22 The payroll processor is then responsible for remitting the funds to the appropriate taxing
23 bodies. When dollar-weighted using twelve months ended November 30, 2025 actual

1 payments, the weighted expense lead time for all categories of these general taxes was
2 determined to be 68.92 days. This weighted lead time was then used in computing the cash
3 working capital requirement associated with taxes other than income taxes.

4
5 **Q. HOW DID YOUR STUDY ADDRESS INCOME TAXES?**

6 A. As shown on page 18 of **Peoples Natural Gas Exhibit No. AR-1**, for Federal and State
7 income taxes, the statutory payment schedules relative to each tax were utilized to arrive at
8 35.63 and 53.61 lag days, respectively.

9
10 **Q. PROVIDE A DESCRIPTION OF HOW LEAD TIMES ASSOCIATED WITH THE**
11 **COMPANY'S INTEREST EXPENSE ON LONG-TERM AND SHORT-TERM**
12 **DEBT WERE ADDRESSED BY THE STUDY.**

13 A. As shown on page 19 of **Peoples Natural Gas Exhibit No. AR-1**, interest expense on long-
14 term debt was assigned expense lag days based on the semi-annual payments of the
15 Company's installment promissory notes to arrive at an average of 57.92 days. Short-term
16 debt is not applicable to this study as the Company is not making a claim for short-term debt
17 interest in this case.

18
19 **Q. HAVE YOU PREPARED AN EXHIBIT THAT SUMMARIZES THE RESULTS OF**
20 **YOUR ANALYSIS OF THE COMPANY'S CASH WORKING CAPITAL**
21 **REQUIREMENTS?**

22 A. Yes. The results of the cash working capital study are presented in **Peoples Natural Gas**
23 **Exhibit No. AR-1**, page 1. As shown on page 1, the total cash working capital claim is

1 \$47,681,867. This amount is included in rate base in Peoples Exhibit No. 8, Schedule 2.
2 **Peoples Natural Gas Exhibit No. AR-1** is attached following my testimony.

3

4 **Q. DOES THIS COMPLETE YOUR PREPARED DIRECT TESTIMONY?**

5 A. Yes. I reserve the right to submit additional testimony as issues arise during the course of
6 this proceeding. Thank you.

Filing Requirements Sponsored by Anton Ribich:

<u>Exhibit</u>	<u>Filing Requirement</u>
Exhibit 8, Schedule 17	53.53.III.A.15
Exhibit 19, RR. 18	VI.I.RR.18
Exhibit 19, RR. 36	VI.II.RR.36

Line No.	Description	Revenue Lag	Expense Lead	Net Lag	CWC Factor	Adjusted Historic Test Year Expenses	Historic Test Year Cash Working Capital Requirement	Future Test Year Expenses	Future Test Year Cash Working Capital Requirement	Fully Projected Future Test Year Expenses	Fully Projected Future Test Year Cash Working Capital Requirement
	(A)	(B)	(C)	(D)	(E)	(F)	(G)				
1	Gas Purchase Costs	58.93	33.52	25.41	0.0696	499,400,741	34,764,662	504,554,039	35,123,397	505,919,390	35,218,443
2	Payroll	58.93	15.66	43.26	0.1185	66,528,154	7,885,320	70,460,096	8,351,358	74,274,937	8,803,516
3	Employee Benefits	58.93	(3.68)	62.60	0.1715	18,532,769	3,178,744	17,835,994	3,059,233	19,387,857	3,325,409
4	Taxes Other Than Income Taxes	58.93	68.92	(10.00)	(0.0274)	12,191,871	(334,005)	12,729,717	(348,740)	13,759,055	(376,940)
5	Other O&M Expenses	58.93	42.87	16.06	0.0440	134,873,157	5,934,192	120,995,845	5,323,614	125,682,352	5,529,812
	Income Taxes										
6	State	58.93	53.61	5.31	0.0146	166,011	2,416	-	-	175,807	2,559
7	Federal	58.93	35.63	23.30	0.0638	(34,547,615)	(2,205,375)	(60,022,534)	(3,831,587)	(80,732,103)	(5,153,599)
	Interest Expense										
8	Long Term Debt	58.93	57.92	1.00	0.0027	83,261,982	228,885	99,237,668	272,802	121,014,900	332,667
9	Short Term Debt		-	-	-	-	-	-	-	-	-
10	Total					<u>\$ 780,407,070</u>	<u>\$ 49,454,839</u>	<u>\$ 765,790,824</u>	<u>\$ 47,950,077</u>	<u>\$ 779,482,194</u>	<u>\$ 47,681,867</u>

Calculation of Revenue Lag Time

<u>Line No.</u>	<u>Description</u>	<u>(A) Reference or Factor</u>	<u>(B) Accounts Receivable Balance End of Month</u>	<u>(C) Total Monthly Sales</u>	<u>(D) A/R Turnover</u>	<u>(E) Days Lag</u>
					(C) / (B)	365 / (D)
1	Annual Number of Days					<u>365</u>
2	November, 2024		\$ 66,336			
3	December		\$ 101,437	\$ 133,205		
4	January		\$ 145,705	\$ 184,230		
5	February		\$ 178,118	\$ 140,102		
6	March		\$ 179,106	\$ 114,503		
7	April		\$ 162,738	\$ 78,405		
8	May		\$ 135,204	\$ 52,008		
9	June		\$ 118,875	\$ 34,014		
10	July		\$ 93,694	\$ 31,922		
11	August		\$ 76,809	\$ 31,352		
12	September		\$ 68,073	\$ 33,366		
13	October		\$ 66,342	\$ 63,157		
14	November, 2025		\$ 85,481	\$ 108,862		
15	Total	Sum Ln3 to Ln14	<u>\$ 1,411,583</u>			
16	Average A/R Balance		<u>\$ 117,632</u>	<u>\$ 1,005,125</u>		
17	Factor				<u>8.54</u>	<u>42.72</u>
18	Collection Days Lag					42.72
19	Billing Lag					1.00
20	Service Lag			365 / 12 * 0.5		<u>15.21</u>
21	Total Revenue Lag Days	Sum Ln17 to Ln19				<u>58.93</u>

Calculation of Purchased Gas Costs

Weighted Expense Lead Time:

33.52 days

Line No.	(A) Company	(B) Period Start	(C) Period End	(D) Payment Amount	(E) Payment Date	(F) Service Lead Time	(G) Payment Lead Time	(H) Total Lead Time	(I) Weighting Factor	(J) Weighted Lead Time
1	Eastern Gas Transmission and Storage, Inc.	12/1/2024	12/31/2024	\$ (1,341,406.93)	1/7/2025	15.0	7.00	22.00	0.402%	0.09
2	Eastern Gas Transmission and Storage, Inc.-usage	12/1/2024	12/31/2024	\$ (32,371.89)	1/7/2025	15.0	7.00	22.00	0.010%	0.00
3	Equitrans	12/1/2024	12/31/2024	\$ (12,760,815.55)	1/9/2025	15.0	9.00	24.00	3.825%	0.92
4	Texas Eastern Transmission, LP	12/1/2024	12/31/2024	\$ (382,796.32)	1/21/2025	15.0	21.00	36.00	0.115%	0.04
5	Columbia Gas Transmission LLC	12/1/2024	12/31/2024	\$ (76,575.99)	1/21/2025	15.0	21.00	36.00	0.023%	0.01
6	Tennessee Gas Pipeline	12/1/2024	12/31/2024	\$ (2,663.69)	1/21/2025	15.0	21.00	36.00	0.001%	0.00
7	EQT Energy (EGC NAESB)	12/1/2024	12/31/2024	\$ (13,018,478.68)	1/21/2025	15.0	21.00	36.00	3.902%	1.40
8	EQT Energy (PNG NAESB)	12/1/2024	12/31/2024	\$ (6,413,377.17)	1/21/2025	15.0	21.00	36.00	1.922%	0.69
9	Sequent Energy Management	12/1/2024	12/31/2024	\$ (3,537,954.92)	1/21/2025	15.0	21.00	36.00	1.060%	0.38
10	National Fuel Gas Supply	12/1/2024	12/31/2024	\$ (194,177.83)	1/21/2025	15.0	21.00	36.00	0.058%	0.02
11	BP Energy	12/1/2024	12/31/2024	\$ (12,400.00)	1/21/2025	15.0	21.00	36.00	0.004%	0.00
12	Mpower	12/1/2024	12/31/2024	\$ 16,321.50	1/21/2025	15.0	21.00	36.00	-0.005%	(0.00)
13	SouthStar	12/1/2024	12/31/2024	\$ 84,258.00	1/24/2025	15.0	24.00	39.00	-0.025%	(0.01)
14	IGS	12/1/2024	12/31/2024	\$ 624,574.75	1/27/2025	15.0	27.00	42.00	-0.187%	(0.08)
15	Eastern Gas Transmission and Storage, Inc.	1/1/2025	1/31/2025	\$ (1,341,406.93)	2/13/2025	15.0	13.00	28.00	0.402%	0.11
16	Eastern Gas Transmission and Storage, Inc.-usage	1/1/2025	1/31/2025	\$ (52,287.19)	2/13/2025	15.0	13.00	28.00	0.016%	0.00
17	Equitrans	1/1/2025	1/31/2025	\$ (12,976,538.56)	2/13/2025	15.0	13.00	28.00	3.890%	1.09
18	Texas Eastern Transmission, LP	1/1/2025	1/31/2025	\$ (375,224.64)	2/11/2025	15.0	11.00	26.00	0.112%	0.03
19	Columbia Gas Transmission LLC	1/1/2025	1/31/2025	\$ (99,577.80)	2/18/2025	15.0	18.00	33.00	0.030%	0.01
20	Tennessee Gas Pipeline	1/1/2025	1/31/2025	\$ 11,418.41	2/12/2025	15.0	12.00	27.00	-0.003%	(0.00)
21	EQT Energy (EGC NAESB)	1/1/2025	1/31/2025	\$ (20,131,124.72)	2/25/2025	15.0	25.00	40.00	6.034%	2.41
22	EQT Energy (PNG NAESB)	1/1/2025	1/31/2025	\$ (16,655,772.31)	2/25/2025	15.0	25.00	40.00	4.992%	2.00
23	Sequent Energy Management	1/1/2025	1/31/2025	\$ (12,758,751.28)	2/25/2025	15.0	25.00	40.00	3.824%	1.53
24	National Fuel Gas Supply	1/1/2025	1/31/2025	\$ (199,593.98)	2/20/2025	15.0	20.00	35.00	0.060%	0.02
25	BP Energy	1/1/2025	1/31/2025	\$ (12,400.00)	2/18/2025	15.0	18.00	33.00	0.004%	0.00
26	Colonial Energy	1/1/2025	1/31/2025	\$ (110,500.00)	2/27/2025	15.0	27.00	42.00	0.033%	0.01
27	Mpower	1/1/2025	1/31/2025	\$ 51,306.14	2/24/2025	15.0	24.00	39.00	-0.015%	(0.01)
28	SouthStar	1/1/2025	1/31/2025	\$ 189,574.98	2/26/2025	15.0	26.00	41.00	-0.057%	(0.02)
29	IGS	1/1/2025	1/31/2025	\$ 1,789,510.86	2/26/2025	15.0	26.00	41.00	-0.536%	(0.22)
30	Eastern Gas Transmission and Storage, Inc.	2/1/2025	2/28/2025	\$ (1,335,246.93)	3/11/2025	13.5	11.00	24.50	0.400%	0.10
31	Eastern Gas Transmission and Storage, Inc.-usage	2/1/2025	2/28/2025	\$ (35,246.42)	3/11/2025	13.5	11.00	24.50	0.011%	0.00
32	Equitrans	2/1/2025	2/28/2025	\$ (12,815,653.00)	3/14/2025	13.5	14.00	27.50	3.841%	1.06
33	Texas Eastern Transmission, LP	2/1/2025	2/28/2025	\$ (379,930.24)	3/18/2025	13.5	18.00	31.50	0.114%	0.04
34	Columbia Gas Transmission LLC	2/1/2025	2/28/2025	\$ (77,169.40)	3/13/2025	13.5	13.00	26.50	0.023%	0.01
35	Tennessee Gas Pipeline	2/1/2025	2/28/2025	\$ 78,992.24	3/12/2025	13.5	12.00	25.50	-0.024%	(0.01)
36	EQT Energy (EGC NAESB)	2/1/2025	2/28/2025	\$ (18,504,973.36)	3/25/2025	13.5	25.00	38.50	5.547%	2.14
37	EQT Energy (PNG NAESB)	2/1/2025	2/28/2025	\$ (6,160,339.65)	3/25/2025	13.5	25.00	38.50	1.846%	0.71
38	Sequent Energy Management	2/1/2025	2/28/2025	\$ (1,870,842.69)	3/20/2025	13.5	20.00	33.50	0.561%	0.19
39	National Fuel Gas Supply	2/1/2025	2/28/2025	\$ (194,936.70)	3/20/2025	13.5	20.00	33.50	0.058%	0.02
40	BP Energy	2/1/2025	2/28/2025	\$ (300,295.00)	3/20/2025	13.5	20.00	33.50	0.090%	0.03
41	Colonial Energy	2/1/2025	2/28/2025	\$ (2,170,179.25)	3/20/2025	13.5	20.00	33.50	0.650%	0.22
42	Mpower	2/1/2025	2/28/2025	\$ 24,294.75	3/25/2025	13.5	25.00	38.50	-0.007%	(0.00)
43	SouthStar	2/1/2025	2/28/2025	\$ 132,824.39	3/25/2025	13.5	25.00	38.50	-0.040%	(0.02)
44	IGS	2/1/2025	2/28/2025	\$ 1,189,502.80	3/25/2025	13.5	25.00	38.50	-0.357%	(0.14)
45	Eastern Gas Transmission and Storage, Inc.	3/1/2025	3/31/2025	\$ (1,341,406.93)	4/8/2025	15.0	8.00	23.00	0.402%	0.09
46	Eastern Gas Transmission and Storage, Inc.-usage	3/1/2025	3/31/2025	\$ (16,730.39)	4/8/2025	15.0	8.00	23.00	0.005%	0.00
47	Equitrans	3/1/2025	3/31/2025	\$ (12,492,065.05)	4/10/2025	15.0	10.00	25.00	3.744%	0.94

Line No.	(A) Company	(B) Period Start	(C) Period End	(D) Payment Amount	(E) Payment Date	(F) Service Lead Time	(G) Payment Lead Time	(H) Total Lead Time	(I) Weighting Factor	(J) Weighted Lead Time
48	Texas Eastern Transmission, LP	3/1/2025	3/31/2025	\$ (370,394.39)	4/15/2025	15.0	15.00	30.00	0.111%	0.03
49	Columbia Gas Transmission LLC	3/1/2025	3/31/2025	\$ (76,282.92)	4/15/2025	15.0	15.00	30.00	0.023%	0.01
50	Tennessee Gas Pipeline	3/1/2025	3/31/2025	\$ (2,574.85)	4/17/2025	15.0	17.00	32.00	0.001%	0.00
51	EQT Energy (EGC NAESB)	3/1/2025	3/31/2025	\$ (4,315,789.33)	4/22/2025	15.0	22.00	37.00	1.294%	0.48
52	EQT Energy (PNG NAESB)	3/1/2025	3/31/2025	\$ (1,362,351.42)	4/22/2025	15.0	22.00	37.00	0.408%	0.15
53	Sequent Energy Management	3/1/2025	3/31/2025	\$ (332,033.30)	4/22/2025	15.0	22.00	37.00	0.100%	0.04
54	National Fuel Gas Supply	3/1/2025	3/31/2025	\$ (192,126.36)	4/22/2025	15.0	22.00	37.00	0.058%	0.02
55	BP Energy	3/1/2025	3/31/2025	\$ (12,400.00)	4/22/2025	15.0	22.00	37.00	0.004%	0.00
56	Colonial Energy	3/1/2025	3/31/2025	\$ (135,765.00)	4/22/2025	15.0	22.00	37.00	0.041%	0.02
57	Mpower	3/1/2025	3/31/2025	\$ 12,929.00	4/22/2025	15.0	22.00	37.00	-0.004%	(0.00)
58	SouthStar	3/1/2025	3/31/2025	\$ 25,578.16	4/25/2025	15.0	25.00	40.00	-0.008%	(0.00)
59	IGS	3/1/2025	3/31/2025	\$ 434,000.00	4/25/2025	15.0	25.00	40.00	-0.130%	(0.05)
60	Eastern Gas Transmission and Storage, Inc.	4/1/2025	4/30/2025	\$ (1,341,406.93)	5/8/2025	14.5	8.00	22.50	0.402%	0.09
61	Eastern Gas Transmission and Storage, Inc.-usage	4/1/2025	4/30/2025	\$ (24,360.04)	5/6/2025	14.5	6.00	20.50	0.007%	0.00
62	Equitrans	4/1/2025	4/30/2025	\$ (7,099,835.69)	5/13/2025	14.5	13.00	27.50	2.128%	0.59
63	Texas Eastern Transmission, LP	4/1/2025	4/30/2025	\$ (410,528.24)	5/15/2025	14.5	15.00	29.50	0.123%	0.04
64	Columbia Gas Transmission LLC	4/1/2025	4/30/2025	\$ (137,244.61)	5/20/2025	14.5	20.00	34.50	0.041%	0.01
65	Tennessee Gas Pipeline	4/1/2025	4/30/2025	\$ (156.03)	5/20/2025	14.5	20.00	34.50	0.000%	0.00
66	EQT Energy (EGC NAESB)	4/1/2025	4/30/2025	\$ (15,635,838.00)	5/27/2025	14.5	27.00	41.50	4.687%	1.94
67	EQT Energy (PNG NAESB)	4/1/2025	4/30/2025	\$ (307,815.60)	5/27/2025	14.5	27.00	41.50	0.092%	0.04
68	Sequent Energy Management	4/1/2025	4/30/2025	\$ (1,551,405.03)	5/15/2025	14.5	15.00	29.50	0.465%	0.14
69	National Fuel Gas Supply	4/1/2025	4/30/2025	\$ (189,369.47)	5/22/2025	14.5	22.00	36.50	0.057%	0.02
70	Colonial Energy	4/1/2025	4/30/2025	\$ (310,008.00)	5/20/2025	14.5	20.00	34.50	0.093%	0.03
71	Mpower	4/1/2025	4/30/2025	\$ 23,605.20	5/20/2025	14.5	20.00	34.50	-0.007%	(0.00)
72	SouthStar	4/1/2025	4/30/2025	\$ 69,488.40	5/23/2025	14.5	23.00	37.50	-0.021%	(0.01)
73	IGS	4/1/2025	4/30/2025	\$ 208,560.00	5/27/2025	14.5	27.00	41.50	-0.063%	(0.03)
74	Eastern Gas Transmission and Storage, Inc.	5/1/2025	5/31/2025	\$ (1,335,206.93)	6/10/2025	15.0	10.00	25.00	0.400%	0.10
75	Eastern Gas Transmission and Storage, Inc.-usage	5/1/2025	5/31/2025	\$ (31,355.26)	6/10/2025	15.0	10.00	25.00	0.009%	0.00
76	Equitrans	5/1/2025	5/31/2025	\$ (7,019,974.03)	6/19/2025	15.0	19.00	34.00	2.104%	0.72
77	Texas Eastern Transmission, LP	5/1/2025	5/31/2025	\$ (363,600.85)	6/17/2025	15.0	17.00	32.00	0.109%	0.03
78	Columbia Gas Transmission LLC	5/1/2025	5/31/2025	\$ (137,402.72)	6/19/2025	15.0	19.00	34.00	0.041%	0.01
79	Tennessee Gas Pipeline	5/1/2025	5/31/2025	\$ 2,057.06	6/18/2025	15.0	18.00	33.00	-0.001%	(0.00)
80	EQT Energy (EGC NAESB)	5/1/2025	5/31/2025	\$ (9,569,694.42)	6/19/2025	15.0	19.00	34.00	2.868%	0.98
81	Sequent Energy Management	5/1/2025	5/31/2025	\$ (2,014,031.24)	6/19/2025	15.0	19.00	34.00	0.604%	0.21
82	National Fuel Gas Supply	5/1/2025	5/31/2025	\$ (190,344.71)	6/19/2025	15.0	19.00	34.00	0.057%	0.02
83	NextEra Energy	5/1/2025	5/31/2025	\$ (920,644.52)	6/19/2025	15.0	19.00	34.00	0.276%	0.09
84	Colonial Energy	5/1/2025	5/31/2025	\$ (113,810.50)	6/19/2025	15.0	19.00	34.00	0.034%	0.01
85	Mpower	5/1/2025	5/31/2025	\$ 12,331.80	6/17/2025	15.0	17.00	32.00	-0.004%	(0.00)
86	SouthStar	5/1/2025	5/31/2025	\$ 54,622.62	6/25/2025	15.0	25.00	40.00	-0.016%	(0.01)
87	IGS	5/1/2025	5/31/2025	\$ 72,540.00	6/25/2025	15.0	25.00	40.00	-0.022%	(0.01)
88	Eastern Gas Transmission and Storage, Inc.	6/1/2025	6/30/2025	\$ (1,299,545.69)	7/10/2025	14.5	10.00	24.50	0.390%	0.10
89	Eastern Gas Transmission and Storage, Inc.-usage	6/1/2025	6/30/2025	\$ (35,379.74)	7/8/2025	14.5	8.00	22.50	0.011%	0.00
90	Equitrans	6/1/2025	6/30/2025	\$ (6,815,475.88)	7/10/2025	14.5	10.00	24.50	2.043%	0.50
91	Texas Eastern Transmission, LP	6/1/2025	6/30/2025	\$ (363,600.85)	7/15/2025	14.5	15.00	29.50	0.109%	0.03
92	Columbia Gas Transmission LLC	6/1/2025	6/30/2025	\$ (82,106.24)	7/15/2025	14.5	15.00	29.50	0.025%	0.01
93	Tennessee Gas Pipeline	6/1/2025	6/30/2025	\$ (424.22)	7/24/2025	14.5	24.00	38.50	0.000%	0.00
94	EQT Energy (EGC NAESB)	6/1/2025	6/30/2025	\$ (1,720,801.50)	7/24/2025	14.5	24.00	38.50	0.516%	0.20
95	EQT Energy (PNG NAESB)	6/1/2025	6/30/2025	\$ (3,316,140.30)	7/24/2025	14.5	24.00	38.50	0.994%	0.38
96	Sequent Energy Management	6/1/2025	6/30/2025	\$ (2,151,736.36)	7/22/2025	14.5	22.00	36.50	0.645%	0.24
97	National Fuel Gas Supply	6/1/2025	6/30/2025	\$ (189,505.46)	7/22/2025	14.5	22.00	36.50	0.057%	0.02

Line No.	(A) Company	(B) Period Start	(C) Period End	(D) Payment Amount	(E) Payment Date	(F) Service Lead Time	(G) Payment Lead Time	(H) Total Lead Time	(I) Weighting Factor	(J) Weighted Lead Time
98	Range Resources	6/1/2025	6/30/2025	\$ (353,350.00)	7/22/2025	14.5	22.00	36.50	0.106%	0.04
99	NextEra Energy	6/1/2025	6/30/2025	\$ (197,231.05)	7/22/2025	14.5	22.00	36.50	0.059%	0.02
100	Colonial Energy	6/1/2025	6/30/2025	\$ (41,283.00)	7/22/2025	14.5	22.00	36.50	0.012%	0.00
101	Mpower	6/1/2025	6/30/2025	\$ 8,276.40	7/25/2025	14.5	25.00	39.50	-0.002%	(0.00)
102	SouthStar	6/1/2025	6/30/2025	\$ 12,665.40	7/25/2025	14.5	25.00	39.50	-0.004%	(0.00)
103	Eastern Gas Transmission and Storage, Inc.	7/1/2025	7/31/2025	\$ (1,338,306.93)	8/7/2025	15.0	7.00	22.00	0.401%	0.09
104	Eastern Gas Transmission and Storage, Inc.-usage	7/1/2025	7/31/2025	\$ (36,361.93)	8/12/2025	15.0	12.00	27.00	0.011%	0.00
105	Equitrans	7/1/2025	7/31/2025	\$ (7,095,511.58)	8/19/2025	15.0	19.00	34.00	2.127%	0.72
106	Texas Eastern Transmission, LP	7/1/2025	7/31/2025	\$ (362,351.75)	7/14/2025	15.0	(17.00)	(2.00)	0.109%	(0.00)
107	Columbia Gas Transmission LLC	7/1/2025	7/31/2025	\$ (82,210.47)	8/19/2025	15.0	19.00	34.00	0.025%	0.01
108	Tennessee Gas Pipeline	7/1/2025	7/31/2025	\$ (695.37)	8/19/2025	15.0	19.00	34.00	0.000%	0.00
109	EQT Energy (PNG NAESB)	7/1/2025	7/31/2025	\$ (5,986,467.97)	8/19/2025	15.0	19.00	34.00	1.794%	0.61
110	Sequent Energy Management	7/1/2025	7/31/2025	\$ (2,893,410.98)	8/19/2025	15.0	19.00	34.00	0.867%	0.29
111	National Fuel Gas Supply	7/1/2025	7/31/2025	\$ (189,366.45)	8/19/2025	15.0	19.00	34.00	0.057%	0.02
112	Range Resources	7/1/2025	7/31/2025	\$ (3,405,000.00)	8/19/2025	15.0	19.00	34.00	1.021%	0.35
113	Colonial Energy	7/1/2025	7/31/2025	\$ (52,815.00)	8/19/2025	15.0	19.00	34.00	0.016%	0.01
114	Mpower	7/1/2025	7/31/2025	\$ 4,468.03	8/21/2025	15.0	21.00	36.00	-0.001%	(0.00)
115	SouthStar	7/1/2025	7/31/2025	\$ 3,649.94	8/25/2025	15.0	25.00	40.00	-0.001%	(0.00)
116	Eastern Gas Transmission and Storage, Inc.	8/1/2025	8/31/2025	\$ (1,341,406.93)	9/19/2025	15.0	19.00	34.00	0.402%	0.14
117	Eastern Gas Transmission and Storage, Inc.-usage	8/1/2025	8/31/2025	\$ (37,270.73)	9/19/2025	15.0	19.00	34.00	0.011%	0.00
118	Equitrans	8/1/2025	8/31/2025	\$ (7,126,086.56)	9/16/2025	15.0	16.00	31.00	2.136%	0.66
119	Texas Eastern Transmission, LP	8/1/2025	8/31/2025	\$ (364,543.35)	9/16/2025	15.0	16.00	31.00	0.109%	0.03
120	Columbia Gas Transmission LLC	8/1/2025	8/31/2025	\$ (82,148.39)	9/18/2025	15.0	18.00	33.00	0.025%	0.01
121	Tennessee Gas Pipeline	8/1/2025	8/31/2025	\$ (454.34)	9/18/2025	15.0	18.00	33.00	0.000%	0.00
122	EQT Energy (PNG NAESB)	8/1/2025	8/31/2025	\$ (8,840,801.48)	9/23/2025	15.0	23.00	38.00	2.650%	1.01
123	Sequent Energy Management	8/1/2025	8/31/2025	\$ (1,722,860.37)	9/23/2025	15.0	23.00	38.00	0.516%	0.20
124	National Fuel Gas Supply	8/1/2025	8/31/2025	\$ (189,663.42)	9/23/2025	15.0	23.00	38.00	0.057%	0.02
125	Range Resources	8/1/2025	8/31/2025	\$ (1,817,964.00)	9/23/2025	15.0	23.00	38.00	0.545%	0.21
126	BP Energy	8/1/2025	8/31/2025	\$ (336,836.16)	9/23/2025	15.0	23.00	38.00	0.101%	0.04
127	Colonial Energy	8/1/2025	8/31/2025	\$ (39,479.00)	9/23/2025	15.0	23.00	38.00	0.012%	0.00
128	Mpower	8/1/2025	8/31/2025	\$ 3,691.48	9/22/2025	15.0	22.00	37.00	-0.001%	(0.00)
129	Eastern Gas Transmission and Storage, Inc.	9/1/2025	9/30/2025	\$ (1,341,406.93)	10/9/2025	14.5	9.00	23.50	0.402%	0.09
130	Eastern Gas Transmission and Storage, Inc.-usage	9/1/2025	9/30/2025	\$ (33,600.55)	10/9/2025	14.5	9.00	23.50	0.010%	0.00
131	Equitrans	9/1/2025	9/30/2025	\$ (7,081,035.37)	10/16/2025	14.5	16.00	30.50	2.122%	0.65
132	Texas Eastern Transmission, LP	9/1/2025	9/30/2025	\$ (364,543.35)	10/16/2025	14.5	16.00	30.50	0.109%	0.03
133	Columbia Gas Transmission LLC	9/1/2025	9/30/2025	\$ (82,007.29)	10/14/2025	14.5	14.00	28.50	0.025%	0.01
134	Tennessee Gas Pipeline	9/1/2025	9/30/2025	\$ (1,299.86)	10/14/2025	14.5	14.00	28.50	0.000%	0.00
135	EQT Energy (PNG NAESB)	9/1/2025	9/30/2025	\$ (7,494,262.80)	10/21/2025	14.5	21.00	35.50	2.246%	0.80
136	Sequent Energy Management	9/1/2025	9/30/2025	\$ (1,336,654.57)	10/21/2025	14.5	21.00	35.50	0.401%	0.14
137	National Fuel Gas Supply	9/1/2025	9/30/2025	\$ (189,147.95)	10/21/2025	14.5	21.00	35.50	0.057%	0.02
138	Range Resources	9/1/2025	9/30/2025	\$ (551,650.00)	10/21/2025	14.5	21.00	35.50	0.165%	0.06
139	BP Energy	9/1/2025	9/30/2025	\$ (314,665.86)	10/21/2025	14.5	21.00	35.50	0.094%	0.03
140	Colonial Energy	9/1/2025	9/30/2025	\$ (325,757.25)	10/21/2025	14.5	21.00	35.50	0.098%	0.03
141	Mpower	9/1/2025	9/30/2025	\$ 2,296.20	10/30/2025	14.5	30.00	44.50	-0.001%	(0.00)
142	SouthStar	9/1/2025	9/30/2025	\$ 15,966.60	10/24/2025	14.5	24.00	38.50	-0.005%	(0.00)
143	Colonial Energy	10/1/2025	10/31/2025	\$ (354,702.50)	11/20/2025	15.0	20.00	35.00	0.106%	0.04
144	Columbia Gas Transmission LLC	10/1/2025	10/31/2025	\$ (94,902.37)	11/18/2025	15.0	18.00	33.00	0.028%	0.01
145	Eastern Gas Transmission and Storage, Inc.	10/1/2025	10/31/2025	\$ (1,341,406.93)	11/12/2025	15.0	12.00	27.00	0.402%	0.11
146	Eastern Gas Transmission and Storage, Inc.-usage	10/1/2025	10/31/2025	\$ (26,129.33)	11/12/2025	15.0	12.00	27.00	0.008%	0.00
147	EQT Energy (PNG NAESB)	10/1/2025	10/31/2025	\$ (6,569,529.30)	11/20/2025	15.0	20.00	35.00	1.969%	0.69

Line No.	(A) Company	(B) Period Start	(C) Period End	(D) Payment Amount	(E) Payment Date	(F) Service Lead Time	(G) Payment Lead Time	(H) Total Lead Time	(I) Weighting Factor	(J) Weighted Lead Time
148	Equitrans	10/1/2025	10/31/2025	\$ (7,194,970.98)	11/18/2025	15.0	18.00	33.00	2.157%	0.71
149	Mpower	10/1/2025	10/31/2025	\$ 6,528.60	11/10/2025	15.0	10.00	25.00	-0.002%	(0.00)
150	National Fuel Gas Supply	10/1/2025	10/31/2025	\$ (189,340.59)	11/20/2025	15.0	20.00	35.00	0.057%	0.02
151	Range Resources	10/1/2025	10/31/2025	\$ (2,390,365.00)	11/20/2025	15.0	20.00	35.00	0.716%	0.25
152	Sequent Energy Management	10/1/2025	10/31/2025	\$ (1,393,821.67)	11/20/2025	15.0	20.00	35.00	0.418%	0.15
153	SouthStar	10/1/2025	10/31/2025	\$ 34,400.70	11/25/2025	15.0	25.00	40.00	-0.010%	(0.00)
154	Tennessee Gas Pipeline	10/1/2025	10/31/2025	\$ (1,588.39)	11/18/2025	15.0	18.00	33.00	0.000%	0.00
155	Texas Eastern Transmission, LP	10/1/2025	10/31/2025	\$ (374,557.96)	11/18/2025	15.0	18.00	33.00	0.112%	0.04
156	Columbia Gas Transmission LLC	11/1/2025	11/30/2025	\$ 19,485.41	12/22/2025	14.5	22.00	36.50	-0.006%	(0.00)
157	Eastern Gas Transmission and Storage, Inc.	11/1/2025	11/30/2025	\$ (17,772.21)	12/9/2025	14.5	9.00	23.50	0.005%	0.00
158	Eastern Gas Transmission and Storage, Inc.-usage	11/1/2025	11/30/2025	\$ (1,340,042.93)	12/11/2025	14.5	11.00	25.50	0.402%	0.10
159	EQT Energy (EGC NAESB)	11/1/2025	11/30/2025	\$ (12,095,849.71)	12/26/2025	14.5	26.00	40.50	3.626%	1.47
160	EQT Energy (PNG NAESB)	11/1/2025	11/30/2025	\$ (3,089,809.43)	12/26/2025	14.5	26.00	40.50	0.926%	0.38
161	Equitrans	11/1/2025	11/30/2025	\$ (13,028,158.58)	12/11/2025	14.5	11.00	25.50	3.905%	1.00
162	National Fuel Gas Supply	11/1/2025	11/30/2025	\$ (189,859.54)	12/26/2025	14.5	26.00	40.50	0.057%	0.02
163	Range Resources	11/1/2025	11/30/2025	\$ (185,792.00)	12/26/2025	14.5	26.00	40.50	0.056%	0.02
164	Sequent Energy Management	11/1/2025	11/30/2025	\$ (2,987,419.28)	12/26/2025	14.5	26.00	40.50	0.895%	0.36
165	Tennessee Gas Pipeline	11/1/2025	11/30/2025	\$ (5,751.09)	12/16/2025	14.5	16.00	30.50	0.002%	0.00
166	Texas Eastern Transmission, LP	11/1/2025	11/30/2025	\$ (384,434.82)	12/16/2025	14.5	16.00	30.50	0.115%	0.04
167	Local Producer Gas Payments - Ensyte	12/1/2024	12/31/2024	\$ 977,785.61	1/31/2025	15.0	31.00	46.00	-0.293%	(0.13)
168	Local Producer Gas Payments - Ensyte	1/1/2025	1/31/2025	\$ 789,713.51	2/28/2025	15.0	28.00	43.00	-0.237%	(0.10)
169	Local Producer Gas Payments - Ensyte	2/1/2025	2/28/2025	\$ 826,865.43	3/31/2025	13.5	31.00	44.50	-0.248%	(0.11)
170	Local Producer Gas Payments - Ensyte	3/1/2025	3/31/2025	\$ 1,045,189.38	4/30/2025	15.0	30.00	45.00	-0.313%	(0.14)
171	Local Producer Gas Payments - Ensyte	4/1/2025	4/30/2025	\$ 914,188.25	5/29/2025	14.5	29.00	43.50	-0.274%	(0.12)
172	Local Producer Gas Payments - Ensyte	5/1/2025	5/31/2025	\$ 676,645.81	6/30/2025	15.0	30.00	45.00	-0.203%	(0.09)
173	Local Producer Gas Payments - Ensyte	6/1/2025	6/30/2025	\$ 652,715.40	7/31/2025	14.5	31.00	45.50	-0.196%	(0.09)
174	Local Producer Gas Payments - Ensyte	7/1/2025	7/31/2025	\$ 687,262.44	8/28/2025	15.0	28.00	43.00	-0.206%	(0.09)
175	Local Producer Gas Payments - Ensyte	8/1/2025	8/31/2025	\$ 713,302.18	9/30/2025	15.0	30.00	45.00	-0.214%	(0.10)
176	Local Producer Gas Payments - Ensyte	9/1/2025	9/30/2025	\$ 567,991.01	10/31/2025	14.5	31.00	45.50	-0.170%	(0.08)
177	Local Producer Gas Payments - Ensyte	10/1/2025	10/31/2025	\$ 525,945.99	11/26/2025	15.0	26.00	41.00	-0.158%	(0.06)
178	Local Producer Gas Payments - Ensyte	11/1/2025	11/30/2025	\$ 742,246.74	12/31/2025	14.5	31.00	45.50	-0.222%	(0.10)
179				<u>\$ (333,626,220.05)</u>						

Calculation of Payroll Lead Time

Weighted Expense Lead Time: 15.66 days

Line No.	(A) Type	(B) Pay Period End Date	(C) Pay Date	(D) Payroll Amount	(E) Pay Period Begin	(F) Mid Point of Pay Period	(G) Payment Lead Time	(H) Total Lead Time	(I) Weighting Factor	(J) Weighted Lead Time
1	1M4	Union Payroll	11/30/2024	12/11/2024 \$ 3,584,370.19	11/17/2024	6.5	11.00	17.50	2.30%	0.40
2	1M4	Union Payroll	12/14/2024	12/24/2024 \$ 3,698,273.83	12/1/2024	6.5	10.00	16.50	2.37%	0.39
3	1M4	Union Payroll	12/28/2024	1/8/2025 \$ 3,757,532.69	12/15/2024	6.5	11.00	17.50	2.41%	0.42
4	1M4	Union Payroll	1/11/2025	1/22/2025 \$ 3,391,322.56	12/29/2024	6.5	11.00	17.50	2.17%	0.38
5	1M4	Union Payroll	1/25/2025	2/5/2025 \$ 3,756,640.55	1/12/2025	6.5	11.00	17.50	2.41%	0.42
6	1M4	Union Payroll	2/8/2025	2/19/2025 \$ 3,739,214.91	1/26/2025	6.5	11.00	17.50	2.40%	0.42
7	1M4	Union Payroll	2/22/2025	3/5/2025 \$ 3,537,322.60	2/9/2025	6.5	11.00	17.50	2.27%	0.40
8	1M4	Union Payroll	3/2/2025	3/11/2025 \$ 5,293,840.43	2/17/2025	6.5	9.00	15.50	3.39%	0.53
9	1M4	Union Payroll	3/8/2025	3/19/2025 \$ 3,552,630.16	2/23/2025	6.5	11.00	17.50	2.28%	0.40
10	1M4	Union Payroll	3/22/2025	4/2/2025 \$ 3,530,052.29	3/9/2025	6.5	11.00	17.50	2.26%	0.40
11	1M4	Union Payroll	4/5/2025	4/16/2025 \$ 3,412,624.49	3/23/2025	6.5	11.00	17.50	2.19%	0.38
12	1M4	Union Payroll	4/19/2025	4/30/2025 \$ 3,474,493.49	4/6/2025	6.5	11.00	17.50	2.23%	0.39
13	1M4	Union Payroll	5/3/2025	5/14/2025 \$ 3,489,130.11	4/20/2025	6.5	11.00	17.50	2.24%	0.39
14	1M4	Union Payroll	5/17/2025	5/28/2025 \$ 3,468,626.10	5/4/2025	6.5	11.00	17.50	2.22%	0.39
15	1M4	Union Payroll	5/31/2025	6/11/2025 \$ 3,296,720.32	5/18/2025	6.5	11.00	17.50	2.11%	0.37
16	1M4	Union Payroll	6/14/2025	6/25/2025 \$ 3,467,432.39	6/1/2025	6.5	11.00	17.50	2.22%	0.39
17	1M4	Union Payroll	6/28/2025	7/9/2025 \$ 3,464,122.03	6/15/2025	6.5	11.00	17.50	2.22%	0.39
18	1M4	Union Payroll	7/12/2025	7/23/2025 \$ 3,455,665.57	6/29/2025	6.5	11.00	17.50	2.21%	0.39
19	1M4	Union Payroll	7/26/2025	8/6/2025 \$ 3,559,643.97	7/13/2025	6.5	11.00	17.50	2.28%	0.40
20	1M4	Union Payroll	8/9/2025	8/20/2025 \$ 3,643,084.84	7/27/2025	6.5	11.00	17.50	2.33%	0.41
21	1M4	Union Payroll	8/23/2025	9/3/2025 \$ 3,555,380.55	8/10/2025	6.5	11.00	17.50	2.28%	0.40
22	1M4	Union Payroll	9/6/2025	9/17/2025 \$ 3,501,535.50	8/24/2025	6.5	11.00	17.50	2.24%	0.39
23	1M4	Union Payroll	9/20/2025	10/1/2025 \$ 3,561,653.09	9/7/2025	6.5	11.00	17.50	2.28%	0.40
24	1M4	Union Payroll	10/4/2025	10/15/2025 \$ 3,459,002.70	9/21/2025	6.5	11.00	17.50	2.22%	0.39
25	1M4	Union Payroll	10/18/2025	10/29/2025 \$ 3,539,621.36	10/5/2025	6.5	11.00	17.50	2.27%	0.40
26	1M4	Union Payroll	11/1/2025	11/12/2025 \$ 3,650,287.67	10/19/2025	6.5	11.00	17.50	2.34%	0.41
27	1M4	Union Payroll	11/15/2025	11/26/2025 \$ 3,890,453.92	11/2/2025	6.5	11.00	17.50	2.49%	0.44
28	CWA	Union Payroll	11/24/2024	12/4/2024 \$ 56,048.68	11/11/2024	6.5	10.00	16.50	0.04%	0.01
29	CWA	Union Payroll	12/8/2024	12/18/2024 \$ 56,694.86	11/25/2024	6.5	10.00	16.50	0.04%	0.01
30	CWA	Union Payroll	12/22/2024	12/31/2024 \$ 55,142.62	12/9/2024	6.5	9.00	15.50	0.04%	0.01
31	CWA	Union Payroll	1/5/2025	1/15/2025 \$ 56,704.25	12/23/2024	6.5	10.00	16.50	0.04%	0.01
32	CWA	Union Payroll	1/19/2025	1/29/2025 \$ 57,220.73	1/6/2025	6.5	10.00	16.50	0.04%	0.01
33	CWA	Union Payroll	2/2/2025	2/12/2025 \$ 59,966.51	1/20/2025	6.5	10.00	16.50	0.04%	0.01
34	CWA	Union Payroll	2/16/2025	2/26/2025 \$ 59,189.64	2/3/2025	6.5	10.00	16.50	0.04%	0.01
35	CWA	Union Payroll	3/2/2025	3/11/2025 \$ 87,256.77	2/17/2025	6.5	9.00	15.50	0.06%	0.01
36	CWA	Union Payroll	3/2/2025	3/12/2025 \$ 57,305.97	2/17/2025	6.5	10.00	16.50	0.04%	0.01
37	CWA	Union Payroll	3/16/2025	3/26/2025 \$ 57,075.67	3/3/2025	6.5	10.00	16.50	0.04%	0.01
38	CWA	Union Payroll	3/30/2025	4/9/2025 \$ 57,096.58	3/17/2025	6.5	10.00	16.50	0.04%	0.01
39	CWA	Union Payroll	4/13/2025	4/23/2025 \$ 60,272.70	3/31/2025	6.5	10.00	16.50	0.04%	0.01
40	CWA	Union Payroll	4/27/2025	5/7/2025 \$ 62,953.24	4/14/2025	6.5	10.00	16.50	0.04%	0.01
41	CWA	Union Payroll	5/11/2025	5/21/2025 \$ 61,194.69	4/28/2025	6.5	10.00	16.50	0.04%	0.01
42	CWA	Union Payroll	5/25/2025	6/4/2025 \$ 64,945.30	5/12/2025	6.5	10.00	16.50	0.04%	0.01
43	CWA	Union Payroll	6/8/2025	6/18/2025 \$ 63,107.56	5/26/2025	6.5	10.00	16.50	0.04%	0.01
44	CWA	Union Payroll	6/22/2025	7/2/2025 \$ 62,120.30	6/9/2025	6.5	10.00	16.50	0.04%	0.01
45	CWA	Union Payroll	7/6/2025	7/16/2025 \$ 59,649.51	6/23/2025	6.5	10.00	16.50	0.04%	0.01

Line No.	(A) Type	(B) Pay Period End Date	(C) Pay Date	(D) Payroll Amount	(E) Pay Period Begin	(F) Mid Point of Pay Period	(G) Payment Lead Time	(H) Total Lead Time	(I) Weighting Factor	(J) Weighted Lead Time
46	CWA	Union Payroll	7/20/2025	7/30/2025 \$ 59,346.43	7/7/2025	6.5	10.00	16.50	0.04%	0.01
47	CWA	Union Payroll	8/3/2025	8/13/2025 \$ 59,856.36	7/21/2025	6.5	10.00	16.50	0.04%	0.01
48	CWA	Union Payroll	8/17/2025	8/27/2025 \$ 61,096.58	8/4/2025	6.5	10.00	16.50	0.04%	0.01
49	CWA	Union Payroll	8/31/2025	9/10/2025 \$ 63,279.03	8/18/2025	6.5	10.00	16.50	0.04%	0.01
50	CWA	Union Payroll	9/14/2025	9/24/2025 \$ 59,933.20	9/1/2025	6.5	10.00	16.50	0.04%	0.01
51	CWA	Union Payroll	9/28/2025	10/8/2025 \$ 59,687.92	9/15/2025	6.5	10.00	16.50	0.04%	0.01
52	CWA	Union Payroll	10/12/2025	10/22/2025 \$ 59,878.74	9/29/2025	6.5	10.00	16.50	0.04%	0.01
53	CWA	Union Payroll	10/26/2025	11/5/2025 \$ 33,238.56	10/13/2025	6.5	10.00	16.50	0.02%	0.00
54	1M6	Salaried Payroll	12/7/2024	12/13/2024 \$ 757,968.73	11/24/2024	6.5	6.00	12.50	0.49%	0.06
55	1M6	Salaried Payroll	12/21/2024	12/27/2024 \$ 755,691.38	12/8/2024	6.5	6.00	12.50	0.48%	0.06
56	1M6	Salaried Payroll	1/4/2025	1/10/2025 \$ 759,465.96	12/22/2024	6.5	6.00	12.50	0.49%	0.06
57	1M6	Salaried Payroll	1/18/2025	1/24/2025 \$ 753,313.59	1/5/2025	6.5	6.00	12.50	0.48%	0.06
58	1M6	Salaried Payroll	2/1/2025	2/7/2025 \$ 763,074.96	1/19/2025	6.5	6.00	12.50	0.49%	0.06
59	1M6	Salaried Payroll	2/15/2025	2/21/2025 \$ 762,102.51	2/2/2025	6.5	6.00	12.50	0.49%	0.06
60	1M6	Salaried Payroll	3/1/2025	3/7/2025 \$ 763,901.34	2/16/2025	6.5	6.00	12.50	0.49%	0.06
61	1M6	Salaried Payroll	3/2/2025	3/11/2025 \$ 1,607,667.64	2/17/2025	6.5	9.00	15.50	1.03%	0.16
62	1M6	Salaried Payroll	3/15/2025	3/21/2025 \$ 757,085.14	3/2/2025	6.5	6.00	12.50	0.49%	0.06
63	1M6	Salaried Payroll	3/29/2025	4/4/2025 \$ 752,673.33	3/16/2025	6.5	6.00	12.50	0.48%	0.06
64	1M6	Salaried Payroll	4/12/2025	4/17/2025 \$ 767,977.62	3/30/2025	6.5	5.00	11.50	0.49%	0.06
65	1M6	Salaried Payroll	4/26/2025	5/2/2025 \$ 769,255.14	4/13/2025	6.5	6.00	12.50	0.49%	0.06
66	1M6	Salaried Payroll	5/10/2025	5/16/2025 \$ 772,355.49	4/27/2025	6.5	6.00	12.50	0.49%	0.06
67	1M6	Salaried Payroll	5/24/2025	5/30/2025 \$ 769,555.95	5/11/2025	6.5	6.00	12.50	0.49%	0.06
68	1M6	Salaried Payroll	6/7/2025	6/13/2025 \$ 792,886.20	5/25/2025	6.5	6.00	12.50	0.51%	0.06
69	1M6	Salaried Payroll	6/21/2025	6/27/2025 \$ 765,616.66	6/8/2025	6.5	6.00	12.50	0.49%	0.06
70	1M6	Salaried Payroll	7/5/2025	7/11/2025 \$ 765,320.60	6/22/2025	6.5	6.00	12.50	0.49%	0.06
71	1M6	Salaried Payroll	7/19/2025	7/25/2025 \$ 766,782.69	7/6/2025	6.5	6.00	12.50	0.49%	0.06
72	1M6	Salaried Payroll	8/2/2025	8/8/2025 \$ 772,193.19	7/20/2025	6.5	6.00	12.50	0.49%	0.06
73	1M6	Salaried Payroll	8/16/2025	8/22/2025 \$ 775,838.33	8/3/2025	6.5	6.00	12.50	0.50%	0.06
74	1M6	Salaried Payroll	8/30/2025	9/5/2025 \$ 768,325.81	8/17/2025	6.5	6.00	12.50	0.49%	0.06
75	1M6	Salaried Payroll	9/13/2025	9/19/2025 \$ 768,066.22	8/31/2025	6.5	6.00	12.50	0.49%	0.06
76	1M6	Salaried Payroll	9/27/2025	10/3/2025 \$ 760,839.60	9/14/2025	6.5	6.00	12.50	0.49%	0.06
77	1M6	Salaried Payroll	10/11/2025	10/17/2025 \$ 762,076.04	9/28/2025	6.5	6.00	12.50	0.49%	0.06
78	1M6	Salaried Payroll	10/25/2025	10/31/2025 \$ 771,076.55	10/12/2025	6.5	6.00	12.50	0.49%	0.06
79	1M6	Salaried Payroll	11/8/2025	11/14/2025 \$ 764,586.27	10/26/2025	6.5	6.00	12.50	0.49%	0.06
80	1M6	Salaried Payroll	11/22/2025	11/28/2025 \$ 759,548.85	11/9/2025	6.5	6.00	12.50	0.49%	0.06
81	7TY	Salaried Payroll	12/7/2024	12/13/2024 \$ 1,314,822.80	11/24/2024	6.5	6.00	12.50	0.84%	0.11
82	7TY	Salaried Payroll	12/21/2024	12/27/2024 \$ 1,188,163.57	12/8/2024	6.5	6.00	12.50	0.76%	0.10
83	7TY	Salaried Payroll	1/4/2025	1/10/2025 \$ 1,219,369.59	12/22/2024	6.5	6.00	12.50	0.78%	0.10
84	7TY	Salaried Payroll	1/18/2025	1/24/2025 \$ 1,297,945.97	1/5/2025	6.5	6.00	12.50	0.83%	0.10
85	7TY	Salaried Payroll	2/1/2025	2/7/2025 \$ 1,185,605.02	1/19/2025	6.5	6.00	12.50	0.76%	0.09
86	7TY	Salaried Payroll	2/15/2025	2/21/2025 \$ 1,178,509.04	2/2/2025	6.5	6.00	12.50	0.76%	0.09
87	7TY	Salaried Payroll	3/1/2025	3/7/2025 \$ 1,152,428.92	2/16/2025	6.5	6.00	12.50	0.74%	0.09
88	7TY	Salaried Payroll	3/2/2025	3/11/2025 \$ 3,458,903.58	2/17/2025	6.5	9.00	15.50	2.22%	0.34
89	7TY	Salaried Payroll	3/15/2025	3/21/2025 \$ 1,188,480.88	3/2/2025	6.5	6.00	12.50	0.76%	0.10
90	7TY	Salaried Payroll	3/29/2025	4/4/2025 \$ 1,173,421.70	3/16/2025	6.5	6.00	12.50	0.75%	0.09
91	7TY	Salaried Payroll	4/12/2025	4/17/2025 \$ 1,254,173.55	3/30/2025	6.5	5.00	11.50	0.80%	0.09
92	7TY	Salaried Payroll	4/26/2025	5/2/2025 \$ 1,278,636.78	4/13/2025	6.5	6.00	12.50	0.82%	0.10
93	7TY	Salaried Payroll	5/10/2025	5/16/2025 \$ 1,220,550.52	4/27/2025	6.5	6.00	12.50	0.78%	0.10

Line No.	(A) Type	(B) Pay Period End Date	(C) Pay Date	(D) Payroll Amount	(E) Pay Period Begin	(F) Mid Point of Pay Period	(G) Payment Lead Time	(H) Total Lead Time	(I) Weighting Factor	(J) Weighted Lead Time
94	7TY Salaried Payroll	5/24/2025	5/30/2025	\$ 1,212,544.69	5/11/2025	6.5	6.00	12.50	0.78%	0.10
95	7TY Salaried Payroll	6/7/2025	6/13/2025	\$ 1,243,058.51	5/25/2025	6.5	6.00	12.50	0.80%	0.10
96	7TY Salaried Payroll	6/21/2025	6/27/2025	\$ 1,219,163.34	6/8/2025	6.5	6.00	12.50	0.78%	0.10
97	7TY Salaried Payroll	7/5/2025	7/11/2025	\$ 1,249,113.64	6/22/2025	6.5	6.00	12.50	0.80%	0.10
98	7TY Salaried Payroll	7/19/2025	7/25/2025	\$ 1,223,704.59	7/6/2025	6.5	6.00	12.50	0.78%	0.10
99	7TY Salaried Payroll	8/2/2025	8/8/2025	\$ 1,218,059.27	7/20/2025	6.5	6.00	12.50	0.78%	0.10
100	7TY Salaried Payroll	8/16/2025	8/22/2025	\$ 1,247,659.86	8/3/2025	6.5	6.00	12.50	0.80%	0.10
101	7TY Salaried Payroll	8/30/2025	9/5/2025	\$ 1,200,899.19	8/17/2025	6.5	6.00	12.50	0.77%	0.10
102	7TY Salaried Payroll	9/13/2025	9/19/2025	\$ 1,215,330.24	8/31/2025	6.5	6.00	12.50	0.78%	0.10
103	7TY Salaried Payroll	9/27/2025	10/3/2025	\$ 1,197,897.28	9/14/2025	6.5	6.00	12.50	0.77%	0.10
104	7TY Salaried Payroll	10/11/2025	10/17/2025	\$ 1,201,121.77	9/28/2025	6.5	6.00	12.50	0.77%	0.10
105	7TY Salaried Payroll	10/25/2025	10/31/2025	\$ 1,319,056.02	10/12/2025	6.5	6.00	12.50	0.85%	0.11
106	7TY Salaried Payroll	11/8/2025	11/14/2025	\$ 1,196,642.51	10/26/2025	6.5	6.00	12.50	0.77%	0.10
107	7TY Salaried Payroll	11/22/2025	11/28/2025	\$ 1,211,463.99	11/9/2025	6.5	6.00	12.50	0.78%	0.10
108				<u>\$ 156,052,913.32</u>						

Calculation of Pension & Benefits Lead Time

Weighted Expense Lead Time:

(3.68) days

Line No.	(A) Pensions & Benefits	(B) End of Period	(C) Paid Date	(D) Amount	(E) Service Lead Time	(F) Payment Lead Time	(G) Total Lead Time	(H) Weighting Factor	(I) Weighted Lead Time
1	Benefits - Medical - Salary & Union	12/31/2024	11/19/2024	\$ 1,441,597.02	15.21	(42.00)	(26.79)	6.97%	(1.87)
2	Benefits - Medical - Salary & Union	1/31/2025	2/6/2025	\$ 1,497,887.40	15.21	6.00	21.21	7.25%	1.54
3	Benefits - Medical - Salary & Union	2/28/2025	2/25/2025	\$ 1,526,766.64	15.21	(3.00)	12.21	7.39%	0.90
4	Benefits - Medical - Salary & Union	3/31/2025	3/5/2025	\$ 1,525,002.22	15.21	(26.00)	(10.79)	7.38%	(0.80)
5	Benefits - Medical - Salary & Union	4/30/2025	4/3/2025	\$ 1,386,727.49	15.21	(27.00)	(11.79)	6.71%	(0.79)
6	Benefits - Medical - Salary & Union	5/31/2025	5/5/2025	\$ 1,478,402.24	15.21	(26.00)	(10.79)	7.15%	(0.77)
7	Benefits - Medical - Salary & Union	6/30/2025	6/4/2025	\$ 1,520,336.38	15.21	(26.00)	(10.79)	7.35%	(0.79)
8	Benefits - Medical - Salary & Union	7/31/2025	7/7/2025	\$ 1,528,489.46	15.21	(24.00)	(8.79)	7.39%	(0.65)
9	Benefits - Medical - Salary & Union	8/31/2025	8/11/2025	\$ 1,531,910.93	15.21	(20.00)	(4.79)	7.41%	(0.36)
10	Benefits - Medical - Salary & Union	9/30/2025	9/10/2025	\$ 1,519,866.41	15.21	(20.00)	(4.79)	7.35%	(0.35)
11	Benefits - Medical - Salary & Union	10/31/2025	10/21/2025	\$ 1,348,567.67	15.21	(10.00)	5.21	6.52%	0.34
12	Benefits - Medical - Salary & Union	11/30/2025	11/10/2025	\$ 1,522,272.38	15.21	(20.00)	(4.79)	7.36%	(0.35)
13	Benefits - Dental, Life, LTD, IDI, Voluntary Benefits	12/31/2024	1/3/2025	\$ 125,750.97	15.21	3.00	18.21	0.61%	0.11
14	Benefits - Dental, Life, LTD, IDI, Voluntary Benefits	1/31/2025	2/6/2025	\$ 140,288.46	15.21	6.00	21.21	0.68%	0.14
15	Benefits - Dental, Life, LTD, IDI, Voluntary Benefits	2/28/2025	2/25/2025	\$ 131,526.62	15.21	(3.00)	12.21	0.64%	0.08
16	Benefits - Dental, Life, LTD, IDI, Voluntary Benefits	3/31/2025	3/5/2025	\$ 134,916.30	15.21	(26.00)	(10.79)	0.65%	(0.07)
17	Benefits - Dental, Life, LTD, IDI, Voluntary Benefits	4/30/2025	4/3/2025	\$ 131,617.84	15.21	(27.00)	(11.79)	0.64%	(0.08)
18	Benefits - Dental, Life, LTD, IDI, Voluntary Benefits	5/31/2025	5/5/2025	\$ 152,150.07	15.21	(26.00)	(10.79)	0.74%	(0.08)
19	Benefits - Dental, Life, LTD, IDI, Voluntary Benefits	6/30/2025	6/4/2025	\$ 167,344.39	15.21	(26.00)	(10.79)	0.81%	(0.09)
20	Benefits - Dental, Life, LTD, IDI, Voluntary Benefits	7/31/2025	7/7/2025	\$ 167,376.33	15.21	(24.00)	(8.79)	0.81%	(0.07)
21	Benefits - Dental, Life, LTD, IDI, Voluntary Benefits	8/31/2025	8/11/2025	\$ 168,304.46	15.21	(20.00)	(4.79)	0.81%	(0.04)
22	Benefits - Dental, Life, LTD, IDI, Voluntary Benefits	9/30/2025	9/10/2025	\$ 166,525.95	15.21	(20.00)	(4.79)	0.81%	(0.04)
23	Benefits - Dental, Life, LTD, IDI, Voluntary Benefits	10/31/2025	10/21/2025	\$ 154,435.55	15.21	(10.00)	5.21	0.75%	0.04
24	Benefits - Dental, Life, LTD, IDI, Voluntary Benefits	11/30/2025	11/10/2025	\$ 168,148.62	15.21	(20.00)	(4.79)	0.81%	(0.04)
25	Health Equity - HSA Employer Amortization	12/31/2024		\$ 84,809.97	7.02	1.00	8.02	0.41%	0.03
26	Health Equity - HSA Employer Amortization	1/31/2025		\$ 86,493.73	7.02	1.00	8.02	0.42%	0.03
27	Health Equity - HSA Employer Amortization	2/28/2025		\$ 86,493.73	7.02	1.00	8.02	0.42%	0.03
28	Health Equity - HSA Employer Amortization	3/31/2025		\$ 86,493.73	7.02	1.00	8.02	0.42%	0.03
29	Health Equity - HSA Employer Amortization	4/30/2025		\$ 86,493.73	7.02	1.00	8.02	0.42%	0.03
30	Health Equity - HSA Employer Amortization	5/31/2025		\$ 86,493.73	7.02	1.00	8.02	0.42%	0.03
31	Health Equity - HSA Employer Amortization	6/30/2025		\$ 86,493.73	7.02	1.00	8.02	0.42%	0.03
32	Health Equity - HSA Employer Amortization	7/31/2025		\$ 86,493.73	7.02	1.00	8.02	0.42%	0.03
33	Health Equity - HSA Employer Amortization	8/31/2025		\$ 86,493.73	7.02	1.00	8.02	0.42%	0.03
34	Health Equity - HSA Employer Amortization	9/30/2025		\$ 86,493.73	7.02	1.00	8.02	0.42%	0.03
35	Health Equity - HSA Employer Amortization	10/31/2025		\$ 86,493.73	7.02	1.00	8.02	0.42%	0.03
36	Health Equity - HSA Employer Amortization	11/30/2025		\$ 86,493.73	7.02	1.00	8.02	0.42%	0.03
37				<u>\$ 20,672,452.79</u>					

Calculation of Other O&M Lead Time

Weighted Expense Lead Time: 42.87 days

Line No.	(A) Name	(B) Inv Amount	(C) Invoice Date	(D) Paid Date	(E) Service Lead Time	(F) Payment Lead Time	(G) Total Lead Time	(H) Weighting Factor	(I) Weighed Lead Time
1	Selection Item 1	1,289.92	9/28/2025	10/23/2025	15.21	25.00	40.21	0.063%	0.03
2	Selection Item 2	967.50	3/27/2025	4/22/2025	15.21	26.00	41.21	0.048%	0.02
3	Selection Item 3	424.22	3/18/2025	4/15/2025	15.21	28.00	43.21	0.021%	0.01
4	Selection Item 4	218,024.31	4/29/2025	5/27/2025	15.21	28.00	43.21	10.707%	4.63
5	Selection Item 5	116.60	10/19/2025	11/13/2025	15.21	25.00	40.21	0.006%	0.00
6	Selection Item 6	2,682.31	3/31/2025	5/20/2025	15.21	50.00	65.21	0.132%	0.09
7	Selection Item 7	1,408.28	4/21/2025	5/15/2025	15.21	24.00	39.21	0.069%	0.03
8	Selection Item 8	104.80	5/2/2025	5/15/2025	15.21	13.00	28.21	0.005%	0.00
9	Selection Item 9	906.99	3/31/2025	5/1/2025	15.21	31.00	46.21	0.045%	0.02
10	Selection Item 10	723.10	4/10/2025	5/6/2025	15.21	26.00	41.21	0.036%	0.01
11	Selection Item 11	244.16	1/30/2025	2/4/2025	15.21	5.00	20.21	0.012%	0.00
12	Selection Item 12	4,716.40	5/26/2025	9/9/2025	15.21	106.00	121.21	0.232%	0.28
13	Selection Item 13	420.00	5/22/2025	5/27/2025	15.21	5.00	20.21	0.021%	0.00
14	Selection Item 14	85.00	1/24/2025	3/11/2025	15.21	46.00	61.21	0.004%	0.00
15	Selection Item 15	840.11	7/9/2025	8/12/2025	15.21	34.00	49.21	0.041%	0.02
16	Selection Item 16	5,644.93	10/15/2025	11/13/2025	15.21	29.00	44.21	0.277%	0.12
17	Selection Item 17	9,597.50	4/30/2025	6/3/2025	15.21	34.00	49.21	0.471%	0.23
18	Selection Item 18	1,006.53	9/5/2025	9/30/2025	15.21	25.00	40.21	0.049%	0.02
19	Selection Item 19	2,184.77	3/27/2025	4/22/2025	15.21	26.00	41.21	0.107%	0.04
20	Selection Item 20	300.00	10/6/2025	10/30/2025	15.21	24.00	39.21	0.015%	0.01
21	Selection Item 21	315.00	8/18/2025	9/23/2025	15.21	36.00	51.21	0.015%	0.01
22	Selection Item 22	1,489.01	7/15/2025	8/12/2025	15.21	28.00	43.21	0.073%	0.03
23	Selection Item 23	28,713.96	2/6/2025	3/11/2025	15.21	33.00	48.21	1.410%	0.68
24	Selection Item 24	3,960.00	7/3/2025	9/2/2025	15.21	61.00	76.21	0.194%	0.15
25	Selection Item 25	322.48	4/7/2025	5/1/2025	15.21	24.00	39.21	0.016%	0.01
26	Selection Item 26	1,454.01	10/31/2025	11/20/2025	15.21	20.00	35.21	0.071%	0.03
27	Selection Item 27	459.00	4/30/2025	5/27/2025	15.21	27.00	42.21	0.023%	0.01
28	Selection Item 28	453.59	12/18/2024	1/14/2025	15.21	27.00	42.21	0.022%	0.01
29	Selection Item 29	1,370.47	9/16/2025	10/14/2025	15.21	28.00	43.21	0.067%	0.03
30	Selection Item 30	2,004.64	2/12/2025	3/11/2025	15.21	27.00	42.21	0.098%	0.04
31	Selection Item 31	906.98	10/20/2025	11/13/2025	15.21	24.00	39.21	0.045%	0.02
32	Selection Item 32	4,600.00	8/6/2025	10/14/2025	15.21	69.00	84.21	0.226%	0.19
33	Selection Item 33	26,857.87	2/20/2025	2/25/2025	15.21	5.00	20.21	1.319%	0.27
34	Selection Item 34	3,939.69	2/12/2025	3/11/2025	15.21	27.00	42.21	0.193%	0.08
35	Selection Item 35	65,789.87	9/5/2025	9/29/2025	15.21	24.00	39.21	3.231%	1.27
36	Selection Item 36	277.57	9/18/2025	9/23/2025	15.21	5.00	20.21	0.014%	0.00
37	Selection Item 37	1,026.61	6/27/2025	8/26/2025	15.21	60.00	75.21	0.050%	0.04
38	Selection Item 38	1,954.00	4/10/2025	5/6/2025	15.21	26.00	41.21	0.096%	0.04

Line No.	(A) Name	(B) Inv Amount	(C) Invoice Date	(D) Paid Date	(E) Service Lead Time	(F) Payment Lead Time	(G) Total Lead Time	(H) Weighting Factor	(I) Weighed Lead Time
39	Selection Item 39	1,104.95	8/21/2025	9/16/2025	15.21	26.00	41.21	0.054%	0.02
40	Selection Item 40	100,000.00	6/19/2025	7/8/2025	15.21	19.00	34.21	4.911%	1.68
41	Selection Item 41	92,453.96	12/3/2024	12/30/2024	15.21	27.00	42.21	4.540%	1.92
42	Selection Item 42	84,972.77	7/18/2025	8/14/2025	15.21	27.00	42.21	4.173%	1.76
43	Selection Item 43	2,335.48	10/16/2025	11/13/2025	15.21	28.00	43.21	0.115%	0.05
44	Selection Item 44	457.20	5/14/2025	7/15/2025	15.21	62.00	77.21	0.022%	0.02
45	Selection Item 45	2,272.66	5/12/2025	9/23/2025	15.21	134.00	149.21	0.112%	0.17
46	Selection Item 46	122.00	10/20/2025	11/20/2025	15.21	31.00	46.21	0.006%	0.00
47	Selection Item 47	880.25	6/27/2025	11/13/2025	15.21	139.00	154.21	0.043%	0.07
48	Selection Item 48	7,066.05	12/2/2024	12/26/2024	15.21	24.00	39.21	0.347%	0.14
49	Selection Item 49	393.50	2/22/2025	2/27/2025	15.21	5.00	20.21	0.019%	0.00
50	Selection Item 50	504.90	8/13/2025	11/24/2025	15.21	103.00	118.21	0.025%	0.03
51	Selection Item 51	669.38	6/28/2025	7/22/2025	15.21	24.00	39.21	0.033%	0.01
52	Selection Item 52	118.40	5/13/2025	6/24/2025	15.21	42.00	57.21	0.006%	0.00
53	Selection Item 53	99.36	2/20/2025	4/22/2025	15.21	61.00	76.21	0.005%	0.00
54	Selection Item 54	584.50	12/19/2024	1/14/2025	15.21	26.00	41.21	0.029%	0.01
55	Selection Item 55	902.75	2/8/2025	2/13/2025	15.21	5.00	20.21	0.044%	0.01
56	Selection Item 56	146.59	10/21/2025	11/24/2025	15.21	34.00	49.21	0.007%	0.00
57	Selection Item 57	1,403.92	10/23/2025	11/18/2025	15.21	26.00	41.21	0.069%	0.03
58	Selection Item 58	81.77	5/16/2025	6/10/2025	15.21	25.00	40.21	0.004%	0.00
59	Selection Item 59	13,079.00	7/8/2025	8/14/2025	15.21	37.00	52.21	0.642%	0.34
60	Selection Item 60	20.00	7/24/2025	8/19/2025	15.21	26.00	41.21	0.001%	0.00
61	Selection Item 61	1,210.25	5/30/2025	9/23/2025	15.21	116.00	131.21	0.059%	0.08
62	Selection Item 62	109,257.98	9/22/2025	11/13/2025	15.21	52.00	67.21	5.366%	3.61
63	Selection Item 63	62,297.43	10/23/2025	10/23/2025	15.21	-	15.21	3.059%	0.47
64	Selection Item 64	15,315.26	10/15/2025	11/13/2025	15.21	29.00	44.21	0.752%	0.33
65	Selection Item 65	23,443.17	10/27/2025	11/20/2025	15.21	24.00	39.21	1.151%	0.45
66	Selection Item 66	26.14	3/26/2025	9/9/2025	15.21	167.00	182.21	0.001%	0.00
67	Selection Item 67	214.35	10/2/2025	10/28/2025	15.21	26.00	41.21	0.011%	0.00
68	Selection Item 68	132.00	8/12/2025	9/30/2025	15.21	49.00	64.21	0.006%	0.00
69	Selection Item 69	15,448.01	10/31/2025	11/20/2025	15.21	20.00	35.21	0.759%	0.27
70	Selection Item 70	195.52	12/10/2024	1/30/2025	15.21	51.00	66.21	0.010%	0.01
71	Selection Item 71	3,408.35	5/22/2025	5/22/2025	15.21	-	15.21	0.167%	0.03
72	Selection Item 72	40,826.85	12/23/2024	12/26/2024	15.21	3.00	18.21	2.005%	0.37
73	Selection Item 73	2,500.00	9/16/2025	10/16/2025	15.21	30.00	45.21	0.123%	0.06
74	Selection Item 74	19,968.94	3/10/2025	4/3/2025	15.21	24.00	39.21	0.981%	0.38
75	Selection Item 75	14,745.35	6/5/2025	7/2/2025	15.21	27.00	42.21	0.724%	0.31
76	Selection Item 76	328.75	10/25/2025	11/4/2025	15.21	10.00	25.21	0.016%	0.00
77	Selection Item 77	34,660.00	12/10/2024	1/7/2025	15.21	28.00	43.21	1.702%	0.74
78	Selection Item 78	1,486.26	4/8/2025	4/22/2025	15.21	14.00	29.21	0.073%	0.02
79	Selection Item 79	13,318.46	8/15/2025	9/9/2025	15.21	25.00	40.21	0.654%	0.26

Line No.	(A) Name	(B) Inv Amount	(C) Invoice Date	(D) Paid Date	(E) Service Lead Time	(F) Payment Lead Time	(G) Total Lead Time	(H) Weighting Factor	(I) Weighed Lead Time
80	Selection Item 80	17,801.59	4/21/2025	5/15/2025	15.21	24.00	39.21	0.874%	0.34
81	Selection Item 81	685.28	8/10/2025	9/4/2025	15.21	25.00	40.21	0.034%	0.01
82	Selection Item 82	7,500.00	4/1/2025	6/26/2025	15.21	86.00	101.21	0.368%	0.37
83	Selection Item 83	16,602.58	5/21/2025	6/19/2025	15.21	29.00	44.21	0.815%	0.36
84	Selection Item 84	4,615.57	5/12/2025	6/26/2025	15.21	45.00	60.21	0.227%	0.14
85	Selection Item 85	367.07	4/18/2025	5/13/2025	15.21	25.00	40.21	0.018%	0.01
86	Selection Item 86	5,003.51	5/19/2025	7/22/2025	15.21	64.00	79.21	0.246%	0.19
87	Selection Item 87	2,746.04	10/31/2025	11/24/2025	15.21	24.00	39.21	0.135%	0.05
88	Selection Item 88	97,658.00	2/10/2025	2/11/2025	15.21	1.00	16.21	4.796%	0.78
89	Selection Item 89	1,752.68	7/29/2025	8/26/2025	15.21	28.00	43.21	0.086%	0.04
90	Selection Item 90	5,218.64	3/18/2025	4/15/2025	15.21	28.00	43.21	0.256%	0.11
91	Selection Item 91	1,050.00	8/6/2025	9/2/2025	15.21	27.00	42.21	0.052%	0.02
92	Selection Item 92	5,914.70	5/29/2025	6/24/2025	15.21	26.00	41.21	0.290%	0.12
93	Selection Item 93	28.00	12/20/2024	1/14/2025	15.21	25.00	40.21	0.001%	0.00
94	Selection Item 94	3,485.83	11/3/2025	11/20/2025	15.21	17.00	32.21	0.171%	0.06
95	Selection Item 95	1,014.82	9/19/2025	10/14/2025	15.21	25.00	40.21	0.050%	0.02
96	Selection Item 96	2,490.60	2/13/2025	3/11/2025	15.21	26.00	41.21	0.122%	0.05
97	Selection Item 97	726.48	7/31/2025	8/26/2025	15.21	26.00	41.21	0.036%	0.01
98	Selection Item 98	8,302.00	8/5/2025	10/28/2025	15.21	84.00	99.21	0.408%	0.40
99	Selection Item 99	1,146.54	7/18/2025	9/9/2025	15.21	53.00	68.21	0.056%	0.04
100	Selection Item 100	4,415.97	4/8/2025	5/6/2025	15.21	28.00	43.21	0.217%	0.09
101	Selection Item 101	255.00	3/24/2025	4/17/2025	15.21	24.00	39.21	0.013%	0.00
102	Selection Item 102	709.59	7/1/2025	7/10/2025	15.21	9.00	24.21	0.035%	0.01
103	Selection Item 103	15,867.88	3/28/2025	4/24/2025	15.21	27.00	42.21	0.779%	0.33
104	Selection Item 104	950.00	1/29/2025	2/18/2025	15.21	20.00	35.21	0.047%	0.02
105	Selection Item 105	5,845.02	10/13/2025	11/6/2025	15.21	24.00	39.21	0.287%	0.11
106	Selection Item 106	585.68	12/8/2024	12/17/2024	15.21	9.00	24.21	0.029%	0.01
107	Selection Item 107	933.56	1/2/2025	3/20/2025	15.21	77.00	92.21	0.046%	0.04
108	Selection Item 108	404.46	7/17/2025	8/1/2025	15.21	15.00	30.21	0.020%	0.01
109	Selection Item 109	835.70	7/10/2025	8/5/2025	15.21	26.00	41.21	0.041%	0.02
110	Selection Item 110	2,560.42	6/11/2025	7/29/2025	15.21	48.00	63.21	0.126%	0.08
111	Selection Item 111	2,928.79	4/27/2025	5/8/2025	15.21	11.00	26.21	0.144%	0.04
112	Selection Item 112	376.66	5/19/2025	6/26/2025	15.21	38.00	53.21	0.018%	0.01
113	Selection Item 113	2,658.62	1/28/2025	2/25/2025	15.21	28.00	43.21	0.131%	0.06
114	Selection Item 114	1,592.28	1/10/2025	1/16/2025	15.21	6.00	21.21	0.078%	0.02
115	Selection Item 115	2,176.76	1/24/2025	4/22/2025	15.21	88.00	103.21	0.107%	0.11
116	Selection Item 116	25,270.56	9/24/2025	10/21/2025	15.21	27.00	42.21	1.241%	0.52
117	Selection Item 117	171.00	5/5/2025	5/29/2025	15.21	24.00	39.21	0.008%	0.00
118	Selection Item 118	3,733.03	8/11/2025	10/2/2025	15.21	52.00	67.21	0.183%	0.12
119	Selection Item 119	65.92	4/2/2025	5/8/2025	15.21	36.00	51.21	0.003%	0.00
120	Selection Item 120	72.50	4/30/2025	5/27/2025	15.21	27.00	42.21	0.004%	0.00

Line No.	(A) Name	(B) Inv Amount	(C) Invoice Date	(D) Paid Date	(E) Service Lead Time	(F) Payment Lead Time	(G) Total Lead Time	(H) Weighting Factor	(I) Weighed Lead Time
121	Selection Item 121	9,307.50	8/19/2025	9/16/2025	15.21	28.00	43.21	0.457%	0.20
122	Selection Item 122	671.69	7/25/2025	8/19/2025	15.21	25.00	40.21	0.033%	0.01
123	Selection Item 123	15,972.28	6/19/2025	6/24/2025	15.21	5.00	20.21	0.784%	0.16
124	Selection Item 124	702.08	10/23/2025	11/18/2025	15.21	26.00	41.21	0.034%	0.01
125	Selection Item 125	600.00	4/14/2025	5/8/2025	15.21	24.00	39.21	0.029%	0.01
126	Selection Item 126	483.72	6/9/2025	7/24/2025	15.21	45.00	60.21	0.024%	0.01
127	Selection Item 127	3,259.35	8/1/2025	8/26/2025	15.21	25.00	40.21	0.160%	0.06
128	Selection Item 128	253.93	9/23/2025	11/24/2025	15.21	62.00	77.21	0.012%	0.01
129	Selection Item 129	81.40	4/15/2025	5/13/2025	15.21	28.00	43.21	0.004%	0.00
130	Selection Item 130	17,078.91	1/22/2025	2/18/2025	15.21	27.00	42.21	0.839%	0.35
131	Selection Item 131	1,557.40	6/9/2025	7/3/2025	15.21	24.00	39.21	0.076%	0.03
132	Selection Item 132	40,645.52	4/2/2025	4/29/2025	15.21	27.00	42.21	1.996%	0.84
133	Selection Item 133	34,497.65	8/11/2025	10/16/2025	15.21	66.00	81.21	1.694%	1.38
134	Selection Item 134	7,613.20	6/6/2025	7/2/2025	15.21	26.00	41.21	0.374%	0.15
135	Selection Item 135	4,863.84	4/8/2025	5/6/2025	15.21	28.00	43.21	0.239%	0.10
136	Selection Item 136	558.12	9/9/2025	10/7/2025	15.21	28.00	43.21	0.027%	0.01
137	Selection Item 137	3,653.35	7/19/2025	9/18/2025	15.21	61.00	76.21	0.179%	0.14
138	Selection Item 138	886.84	7/11/2025	9/11/2025	15.21	62.00	77.21	0.044%	0.03
139	Selection Item 139	7.44	1/31/2025	3/13/2025	15.21	41.00	56.21	0.000%	0.00
140	Selection Item 140	16,018.69	5/26/2025	6/26/2025	15.21	31.00	46.21	0.787%	0.36
141	Selection Item 141	652.02	10/23/2025	11/18/2025	15.21	26.00	41.21	0.032%	0.01
142	Selection Item 142	674.33	7/31/2025	8/7/2025	15.21	7.00	22.21	0.033%	0.01
143	Selection Item 143	8,802.00	3/27/2025	6/17/2025	15.21	82.00	97.21	0.432%	0.42
144	Selection Item 144	177.00	12/31/2024	2/20/2025	15.21	51.00	66.21	0.009%	0.01
145	Selection Item 145	293.70	6/6/2025	7/1/2025	15.21	25.00	40.21	0.014%	0.01
146	Selection Item 146	128,091.26	3/14/2025	4/15/2025	15.21	32.00	47.21	6.291%	2.97
147	Selection Item 147	62,832.47	1/2/2025	1/28/2025	15.21	26.00	41.21	3.086%	1.27
148	Selection Item 148	360.00	7/17/2025	8/12/2025	15.21	26.00	41.21	0.018%	0.01
149	Selection Item 149	947.31	3/6/2025	4/22/2025	15.21	47.00	62.21	0.047%	0.03
150	Selection Item 150	372.50	2/21/2025	3/18/2025	15.21	25.00	40.21	0.018%	0.01
151	Selection Item 151	531.14	7/17/2025	8/19/2025	15.21	33.00	48.21	0.026%	0.01
152	Selection Item 152	13,242.33	9/26/2025	10/21/2025	15.21	25.00	40.21	0.650%	0.26
153	Selection Item 153	9,671.29	3/31/2025	5/8/2025	15.21	38.00	53.21	0.475%	0.25
154	Selection Item 154	6,844.00	2/14/2025	3/11/2025	15.21	25.00	40.21	0.336%	0.14
155	Selection Item 155	280.14	4/24/2025	5/20/2025	15.21	26.00	41.21	0.014%	0.01
156	Selection Item 156	901.92	5/19/2025	6/26/2025	15.21	38.00	53.21	0.044%	0.02
157	Selection Item 157	262.00	6/26/2025	7/22/2025	15.21	26.00	41.21	0.013%	0.01
158	Selection Item 158	3,309.50	7/20/2025	8/21/2025	15.21	32.00	47.21	0.163%	0.08
159	Selection Item 159	1,420.98	5/23/2025	7/3/2025	15.21	41.00	56.21	0.070%	0.04
160	Selection Item 160	846.51	6/5/2025	7/10/2025	15.21	35.00	50.21	0.042%	0.02
161	Selection Item 161	17,801.59	5/8/2025	6/3/2025	15.21	26.00	41.21	0.874%	0.36

Line No.	(A) Name	(B) Inv Amount	(C) Invoice Date	(D) Paid Date	(E) Service Lead Time	(F) Payment Lead Time	(G) Total Lead Time	(H) Weighting Factor	(I) Weighed Lead Time
162	Selection Item 162	148.68	1/27/2025	2/20/2025	15.21	24.00	39.21	0.007%	0.00
163	Selection Item 163	430.00	7/28/2025	8/21/2025	15.21	24.00	39.21	0.021%	0.01
164	Selection Item 164	1,630.96	8/7/2025	9/2/2025	15.21	26.00	41.21	0.080%	0.03
165	Selection Item 165	464.00	12/17/2024	1/14/2025	15.21	28.00	43.21	0.023%	0.01
166	Selection Item 166	156.95	7/23/2025	8/19/2025	15.21	27.00	42.21	0.008%	0.00
167	Selection Item 167	151,131.92	6/13/2025	7/8/2025	15.21	25.00	40.21	7.422%	2.98
168	Selection Item 168	130.13	8/31/2025	10/28/2025	15.21	58.00	73.21	0.006%	0.00
169	Selection Item 169	1,015.25	4/10/2025	5/6/2025	15.21	26.00	41.21	0.050%	0.02
170	Selection Item 170	2,000.00	5/15/2025	8/12/2025	15.21	89.00	104.21	0.098%	0.10
171	Selection Item 171	13,050.00	12/18/2024	1/14/2025	15.21	27.00	42.21	0.641%	0.27
172	Selection Item 172	359.04	8/29/2025	9/23/2025	15.21	25.00	40.21	0.018%	0.01
173	Selection Item 173	2,706.00	2/3/2025	2/11/2025	15.21	8.00	23.21	0.133%	0.03
174	Selection Item 174	533.40	4/23/2025	5/29/2025	15.21	36.00	51.21	0.026%	0.01
175	Selection Item 175	32,692.08	3/28/2025	4/22/2025	15.21	25.00	40.21	1.605%	0.65
176	Selection Item 176	2,713.45	2/10/2025	2/27/2025	15.21	17.00	32.21	0.133%	0.04
177	Selection Item 177	1,000.00	9/3/2025	10/16/2025	15.21	43.00	58.21	0.049%	0.03
178	Selection Item 178	5,552.74	8/15/2025	9/9/2025	15.21	25.00	40.21	0.273%	0.11
179	Selection Item 179	7,532.19	4/1/2025	4/29/2025	15.21	28.00	43.21	0.370%	0.16
180	Selection Item 180	2,097.70	7/22/2025	9/25/2025	15.21	65.00	80.21	0.103%	0.08
181	Selection Item 181	869.55	6/10/2025	8/1/2025	15.21	52.00	67.21	0.043%	0.03
182	Selection Item 182	273.81	4/21/2025	5/15/2025	15.21	24.00	39.21	0.013%	0.01
183	Selection Item 183	576.80	6/23/2025	11/6/2025	15.21	136.00	151.21	0.028%	0.04
184	Selection Item 184	322.48	5/5/2025	5/29/2025	15.21	24.00	39.21	0.016%	0.01
185	Selection Item 185	1,500.00	1/23/2025	4/1/2025	15.21	68.00	83.21	0.074%	0.06
186	Selection Item 186	1,120.00	1/2/2025	3/18/2025	15.21	75.00	90.21	0.055%	0.05
187	Selection Item 187	140.00	12/31/2024	2/13/2025	15.21	44.00	59.21	0.007%	0.00
188	Selection Item 188	289.46	8/21/2025	8/21/2025	15.21	-	15.21	0.014%	0.00
189	Selection Item 189	29,547.46	8/15/2025	9/9/2025	15.21	25.00	40.21	1.451%	0.58
190	Selection Item 190	2,196.30	10/9/2025	11/4/2025	15.21	26.00	41.21	0.108%	0.04
191	Selection Item 191	1,807.33	2/1/2025	3/4/2025	15.21	31.00	46.21	0.089%	0.04
192	Selection Item 192	11,536.47	4/30/2025	6/26/2025	15.21	57.00	72.21	0.567%	0.41
193	Selection Item 193	520.08	1/30/2025	2/27/2025	15.21	28.00	43.21	0.026%	0.01
194	Selection Item 194	4,738.23	5/7/2025	5/13/2025	15.21	6.00	21.21	0.233%	0.05
195	Selection Item 195	12,396.88	1/13/2025	2/6/2025	15.21	24.00	39.21	0.609%	0.24
196	Selection Item 196	644.96	9/26/2025	11/12/2025	15.21	47.00	62.21	0.032%	0.02
197	Selection Item 197	644.96	2/17/2025	3/13/2025	15.21	24.00	39.21	0.032%	0.01
198	Selection Item 198	2,042.32	12/12/2024	1/7/2025	15.21	26.00	41.21	0.100%	0.04
199	Selection Item 199	166.40	2/8/2025	3/6/2025	15.21	26.00	41.21	0.008%	0.00
200		<u>\$ 2,036,258.85</u>							

Calculation of Taxes Other than Income Lead Time

Weighted Expense Lead Time: 68.92 days

Line No.	(A) Type of Tax	(B) Begin of Period	(C) MidPoint Method	(D) End of Period	(E) Payment Date	(F) Amount	(G) Service Lead Time	(H) Payment Lead Time	(I) Total Lead time	(J) Weighting Factor	(K) Weighted Lead Time
1	PA Local Property Taxes	1/1/2025	7/2/2025	12/31/2025	2/10/2025	\$ 63.41	182.00	(142.00)	40.00	0.00%	0.00
2	PA Local Property Taxes	1/1/2025	7/2/2025	12/31/2025	3/12/2025	\$ 1,040.27	182.00	(112.00)	70.00	0.00%	0.00
3	PA Local Property Taxes	1/1/2025	7/2/2025	12/31/2025	3/13/2025	\$ 891.60	182.00	(111.00)	71.00	0.00%	0.00
4	PA Local Property Taxes	1/1/2025	7/2/2025	12/31/2025	4/10/2025	\$ 759.00	182.00	(83.00)	99.00	0.00%	0.00
5	PA Local Property Taxes	1/1/2025	7/2/2025	12/31/2025	5/7/2025	\$ 5,941.70	182.00	(56.00)	126.00	0.02%	0.03
6	PA Local Property Taxes	1/1/2025	7/2/2025	12/31/2025	6/5/2025	\$ 2,577.86	182.00	(27.00)	155.00	0.01%	0.01
7	PA Local Property Taxes	1/1/2025	7/2/2025	12/31/2025	6/12/2025	\$ 13.50	182.00	(20.00)	162.00	0.00%	0.00
8	PA Local Property Taxes	1/1/2025	7/2/2025	12/31/2025	8/7/2025	\$ 2,891.45	182.00	36.00	218.00	0.01%	0.02
9	PA Local Property Taxes	1/1/2025	7/2/2025	12/31/2025	9/11/2025	\$ 22,412.47	182.00	71.00	253.00	0.08%	0.21
10	PA and Local Sales Tax	11/1/2024	11/15/2024	11/30/2024	12/12/2024	\$ 768,746.98	14.50	26.50	41.00	2.87%	1.18
11	PA and Local Sales Tax	12/1/2024	12/16/2024	12/31/2024	1/16/2025	\$ 1,686,714.28	15.00	31.00	46.00	6.29%	2.90
12	PA and Local Sales Tax	1/1/2025	1/16/2025	1/31/2025	2/17/2025	\$ 2,335,115.58	15.00	32.00	47.00	8.71%	4.10
13	PA and Local Sales Tax	2/1/2025	2/14/2025	2/28/2025	3/17/2025	\$ 2,416,399.06	13.50	30.50	44.00	9.02%	3.97
14	PA and Local Sales Tax	3/1/2025	3/16/2025	3/31/2025	4/16/2025	\$ 2,016,948.44	15.00	31.00	46.00	7.53%	3.46
15	PA and Local Sales Tax	4/1/2025	4/15/2025	4/30/2025	5/15/2025	\$ 1,370,798.86	14.50	29.50	44.00	5.12%	2.25
16	PA and Local Sales Tax	5/1/2025	5/16/2025	5/31/2025	6/16/2025	\$ 790,396.37	15.00	31.00	46.00	2.95%	1.36
17	PA and Local Sales Tax	6/1/2025	6/15/2025	6/30/2025	7/16/2025	\$ 583,525.38	14.50	30.50	45.00	2.18%	0.98
18	PA and Local Sales Tax	7/1/2025	7/16/2025	7/31/2025	8/18/2025	\$ 442,368.83	15.00	33.00	48.00	1.65%	0.79
19	PA and Local Sales Tax	8/1/2025	8/16/2025	8/31/2025	9/18/2025	\$ 390,289.15	15.00	33.00	48.00	1.46%	0.70
20	PA and Local Sales Tax	9/1/2025	9/15/2025	9/30/2025	10/15/2025	\$ 429,645.45	14.50	29.50	44.00	1.60%	0.71
21	PA and Local Sales Tax	10/1/2025	10/16/2025	10/31/2025	11/19/2025	\$ 580,566.72	15.00	34.00	49.00	2.17%	1.06
22	PA and Local Sales Tax	12/1/2024	12/16/2024	12/31/2024	12/12/2024	\$ 541,165.00	15.00	(4.00)	11.00	2.02%	0.22
23	PA and Local Sales Tax	1/1/2025	1/16/2025	1/31/2025	1/16/2025	\$ 790,666.00	15.00	-	15.00	2.95%	0.44
24	PA and Local Sales Tax	2/1/2025	2/14/2025	2/28/2025	2/17/2025	\$ 897,537.00	13.50	2.50	16.00	3.35%	0.54
25	PA and Local Sales Tax	3/1/2025	3/16/2025	3/31/2025	3/17/2025	\$ 657,990.00	15.00	1.00	16.00	2.46%	0.39
26	PA and Local Sales Tax	4/1/2025	4/15/2025	4/30/2025	4/16/2025	\$ 564,478.00	14.50	0.50	15.00	2.11%	0.32
27	PA and Local Sales Tax	5/1/2025	5/16/2025	5/31/2025	5/15/2025	\$ 351,133.00	15.00	(1.00)	14.00	1.31%	0.18
28	PA and Local Sales Tax	6/1/2025	6/15/2025	6/30/2025	6/16/2025	\$ 296,408.00	14.50	0.50	15.00	1.11%	0.17
29	PA and Local Sales Tax	7/1/2025	7/16/2025	7/31/2025	7/16/2025	\$ 282,593.00	15.00	-	15.00	1.05%	0.16
30	PA and Local Sales Tax	8/1/2025	8/16/2025	8/31/2025	8/18/2025	\$ 299,018.00	15.00	2.00	17.00	1.12%	0.19
31	PA and Local Sales Tax	9/1/2025	9/15/2025	9/30/2025	9/18/2025	\$ 283,933.00	14.50	2.50	17.00	1.06%	0.18
32	PA and Local Sales Tax	10/1/2025	10/16/2025	10/31/2025	10/15/2025	\$ 375,134.00	15.00	(1.00)	14.00	1.40%	0.20
33	PA and Local Sales Tax	11/1/2025	11/15/2025	11/30/2025	11/19/2025	\$ 471,300.00	14.50	3.50	18.00	1.76%	0.32
34	PA and Local Use Tax	12/1/2024	12/16/2024	12/31/2024	12/12/2024	\$ 173,878.01	15.00	(4.00)	11.00	0.65%	0.07
35	PA and Local Use Tax	1/1/2025	1/16/2025	1/31/2025	1/16/2025	\$ 204,710.85	15.00	-	15.00	0.76%	0.11
36	PA and Local Use Tax	2/1/2025	2/14/2025	2/28/2025	2/17/2025	\$ 116,506.38	13.50	2.50	16.00	0.43%	0.07
37	PA and Local Use Tax	3/1/2025	3/16/2025	3/31/2025	3/17/2025	\$ 212,245.43	15.00	1.00	16.00	0.79%	0.13
38	PA and Local Use Tax	4/1/2025	4/15/2025	4/30/2025	4/16/2025	\$ 111,780.44	14.50	0.50	15.00	0.42%	0.06
39	PA and Local Use Tax	5/1/2025	5/16/2025	5/31/2025	5/15/2025	\$ 214,082.71	15.00	(1.00)	14.00	0.80%	0.11
40	PA and Local Use Tax	6/1/2025	6/15/2025	6/30/2025	6/16/2025	\$ 162,184.25	14.50	0.50	15.00	0.61%	0.09
41	PA and Local Use Tax	7/1/2025	7/16/2025	7/31/2025	7/16/2025	\$ 208,052.53	15.00	-	15.00	0.78%	0.12
42	PA and Local Use Tax	8/1/2025	8/16/2025	8/31/2025	8/18/2025	\$ 202,827.66	15.00	2.00	17.00	0.76%	0.13
43	PA and Local Use Tax	9/1/2025	9/15/2025	9/30/2025	9/18/2025	\$ 168,177.68	14.50	2.50	17.00	0.63%	0.11
44	PA and Local Use Tax	10/1/2025	10/16/2025	10/31/2025	10/15/2025	\$ 202,145.97	15.00	(1.00)	14.00	0.75%	0.11
45	PA and Local Use Tax	11/1/2025	11/15/2025	11/30/2025	11/19/2025	\$ 203,146.91	14.50	3.50	18.00	0.76%	0.14

Line No.	(A) Type of Tax	(B) Begin of Period	(C) MidPoint Method	(D) End of Period	(E) Payment Date	(F) Amount	(G) Service Lead Time	(H) Payment Lead Time	(I) Total Lead time	(J) Weighting Factor	(K) Weighted Lead Time
46	PA Excise Alternative Fuel Tax	12/1/2024	12/16/2024	12/31/2024	12/12/2024	\$ 398.13	15.00	(4.00)	11.00	0.00%	0.00
47	PA Excise Alternative Fuel Tax	1/1/2025	1/16/2025	1/31/2025	1/16/2025	\$ 426.23	15.00	-	15.00	0.00%	0.00
48	PA Excise Alternative Fuel Tax	2/1/2025	2/14/2025	2/28/2025	2/17/2025	\$ 783.61	13.50	2.50	16.00	0.00%	0.00
49	PA Excise Alternative Fuel Tax	4/1/2025	4/15/2025	4/30/2025	4/16/2025	\$ 725.69	14.50	0.50	15.00	0.00%	0.00
50	PA Excise Alternative Fuel Tax	5/1/2025	5/16/2025	5/31/2025	5/15/2025	\$ 315.51	15.00	(1.00)	14.00	0.00%	0.00
51	PA Excise Alternative Fuel Tax	6/1/2025	6/15/2025	6/30/2025	6/16/2025	\$ 311.50	14.50	0.50	15.00	0.00%	0.00
52	PA Excise Alternative Fuel Tax	7/1/2025	7/16/2025	7/31/2025	7/16/2025	\$ 278.23	15.00	-	15.00	0.00%	0.00
53	PA Excise Alternative Fuel Tax	8/1/2025	8/16/2025	8/31/2025	8/18/2025	\$ 334.45	15.00	2.00	17.00	0.00%	0.00
54	PA Excise Alternative Fuel Tax	9/1/2025	9/15/2025	9/30/2025	9/18/2025	\$ 211.68	14.50	2.50	17.00	0.00%	0.00
55	PA Excise Alternative Fuel Tax	10/1/2025	10/16/2025	10/31/2025	10/15/2025	\$ 670.60	15.00	(1.00)	14.00	0.00%	0.00
56	PA Excise Alternative Fuel Tax	11/1/2025	11/15/2025	11/30/2025	11/19/2025	\$ 1,559.21	14.50	3.50	18.00	0.01%	0.00
57	U.S DOT Pipeline Safety User Fee	1/1/2025	7/2/2025	12/31/2025	5/1/2025	\$ 74,984.94	182.00	(62.00)	120.00	0.28%	0.34
58	U.S DOT Underground Natural Gas Stor	1/1/2025	7/2/2025	12/31/2025	4/15/2025	\$ 30,769.00	182.00	(78.00)	104.00	0.11%	0.12
59	Federal Excise - Alternative Fuels Tax	10/1/2024	11/15/2024	12/31/2024	1/20/2025	\$ (793.46)	45.50	65.50	111.00	0.00%	(0.00)
60	Federal Excise - Alternative Fuels Tax	1/1/2025	2/14/2025	3/31/2025	4/16/2025	\$ 493.73	44.50	60.50	105.00	0.00%	0.00
61	Federal Excise - Alternative Fuels Tax	4/1/2025	5/16/2025	6/30/2025	7/16/2025	\$ 295.91	45.00	61.00	106.00	0.00%	0.00
62	Federal Excise - Alternative Fuels Tax	7/1/2025	8/15/2025	9/30/2025	10/23/2025	\$ 397.66	45.50	68.50	114.00	0.00%	0.00
63	Federal Heavy Highway Tax	7/1/2024	12/30/2024	6/30/2025	9/10/2024	\$ 6,173.33	182.00	(111.00)	71.00	0.02%	0.02
64	Federal Heavy Highway Tax	7/1/2025	12/30/2025	6/30/2026	9/12/2025	\$ 5,095.00	182.00	(109.00)	73.00	0.02%	0.01
65	PURTA	1/1/2025	7/2/2025	12/31/2025	5/1/2025	\$ 875,000.00	182.00	(62.00)	120.00	3.27%	3.92
66	PURTA	1/1/2025	7/2/2025	12/31/2025	5/1/2025	\$ 102,000.00	182.00	(62.00)	120.00	0.38%	0.46
67	PA PUC Assessment	1/1/2025	7/2/2025	12/31/2025	9/25/2025	\$ 3,434,911.00	182.00	85.00	267.00	12.82%	34.23
68	WV Gas Stored	1/1/2025	7/2/2025	12/31/2025	2/10/2025	\$ 294,840.34	182.00	(142.00)	40.00	1.10%	0.44
69	WV Gas Stored	1/1/2025	7/2/2025	12/31/2025	8/26/2025	\$ 126,855.31	182.00	55.00	237.00	0.47%	1.12
70						<u>\$ 26,796,237.78</u>					

Calculation of Income Tax Lead Time - State & Federal

Line No.	Period Covered		Mid-Point of Period (C)	Date Paid (D)	(Lead) / Lag Days (D) - (C) (F)	Payment Schedule (E)	Dollar Weighted Days (G)
	Beginning (A)	End (B)					
Federal Income Tax							
1	1/1/2024	12/31/2024	7/1/2024	12/13/2024	164.50	25.0%	41.13
2	1/1/2025	12/31/2025	7/2/2025	4/15/2025	(78.00)	25.0%	(19.50)
3	1/1/2025	12/31/2025	7/2/2025	6/13/2025	(19.00)	25.0%	(4.75)
4	1/1/2025	12/31/2025	7/2/2025	9/15/2025	75.00	25.0%	18.75
						100.0%	35.63
State Income Tax							
5	1/1/2024	12/31/2024	7/1/2024	12/13/2024	164.50	22.5%	37.01
6	1/1/2025	12/31/2025	7/2/2025	3/14/2025	(110.00)	22.5%	(24.75)
7	1/1/2024	12/31/2024	7/1/2024	4/15/2025	287.50	10.0%	28.75
8	1/1/2025	12/31/2025	7/2/2025	6/13/2025	(19.00)	22.5%	(4.28)
9	1/1/2025	12/31/2025	7/2/2025	9/15/2025	75.00	22.5%	16.88
						100.0%	53.61

Calculation of Interest Expense Lead Time - Both Short Term and Long Term

Line No.	(A) Date of Issuance	(B) Date of Maturity	(C) Payment Date	(D) Start of Period	(E) End of Period	(F) Mid Point of Half	(G) Payment Lead Time	(H) Principal	(I) Interest	(J) Payment	(K) Nominal Net Lead	(L) Weighting Factor	(M) Weighted Lead
1	12/19/2013	12/19/2025	6/19/2025	12/19/2024	6/19/2025	3/20/2025	90.75 \$	110,007,200	4.25% \$	2,337,653	90.75	6.45%	5.86
2	12/18/2017	12/18/2027	6/19/2025	12/19/2024	6/19/2025	3/20/2025	90.75 \$	178,911,000	3.38% \$	3,023,596	90.75	10.50%	9.53
3	12/18/2017	12/18/2032	6/19/2025	12/19/2024	6/19/2025	3/20/2025	90.75 \$	178,911,000	3.63% \$	3,247,235	90.75	10.50%	9.53
4	10/31/2021	4/15/2030	12/31/2025	11/1/2025	11/30/2025	11/15/2025	45.50 \$	221,786,218	2.70% \$	499,758	45.50	13.01%	5.92
5	10/31/2021	4/15/2050	12/31/2025	11/1/2025	11/30/2025	11/15/2025	45.50 \$	266,143,463	3.35% \$	743,206	45.50	15.62%	7.11
6	12/31/2021	5/1/2031	12/31/2025	11/1/2025	11/30/2025	11/15/2025	45.50 \$	65,364,587	2.40% \$	130,729	45.50	3.84%	1.75
7	12/31/2021	5/1/2052	12/31/2025	11/1/2025	11/30/2025	11/15/2025	45.50 \$	81,705,732	5.30% \$	360,867	45.50	4.79%	2.18
8	7/31/2022	5/1/2031	12/31/2025	11/1/2025	11/30/2025	11/15/2025	45.50 \$	152,444,444	2.40% \$	304,889	45.50	8.95%	4.07
9	7/31/2022	5/1/2052	12/31/2025	11/1/2025	11/30/2025	11/15/2025	45.50 \$	190,555,556	5.30% \$	841,620	45.50	11.18%	5.09
10	7/31/2024	5/1/1931	12/31/2025	11/1/2025	11/30/2025	11/15/2025	45.50 \$	48,839,507	2.40% \$	97,679	45.50	2.87%	1.30
11	7/31/2024	5/2/1952	12/31/2025	11/1/2025	11/30/2025	11/15/2025	45.50 \$	61,049,382	5.30% \$	269,635	45.50	3.58%	1.63
12	1/2/2025	1/15/2034	12/31/2025	11/1/2025	11/30/2025	11/15/2025	45.50 \$	148,500,000	5.38% \$	665,156	45.50	8.71%	3.96
13	Historical Test Year - Long Term Debt Outstanding							\$ 1,704,218,089		\$ 12,522,023		LT DEBT	57.92
									0.73%			Weighted Expense Lead Time	

ST Debt from previous month; est invoice on 25th of the month, int "paid" by month end

(A) ST Debt	(B) End of Period	(C) Posting Date	(D) Paid Date	(E) Amount	(F) Service Lead Time	(G) Payment Lead time	(H) Total Lead Time	(I) Weighting Factor	(J) Weighted Lead Time
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NOT APPLICABLE FOR PEOPLES NATURAL GAS COMPANY

Weighted Expense Lead Time	ST DEBT -
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