



375 North Shore Drive
Pittsburgh, PA 15212

Carol Scanlon
Manager, Rates

PNG Companies LLC
Phone: 412-208-6931
Email: Carol.Scanlon@peoples-gas.com

April 1, 2026

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: PEOPLES NATURAL GAS COMPANY LLC - State Tax Adjustment Surcharge (STAS)

Dear Secretary Homsher:

Please note that Peoples Natural Gas Company LLC's ("Peoples Natural Gas" or "Company") will not be submitting a tariff change to the State Tax Adjustment Surcharge ("STAS"). The revised STAS calculation results in no change to the current STAS of 0.7% applied to specified maximum delivery charges. Enclosed as **Exhibit A - C** is the calculation and annual recomputation of the STAS.

Please note that Peoples Natural Gas' calculation does not account for the Pennsylvania Corporate Net Income Tax ("CNI") rate. This is in compliance with Paragraph 49 (shown below) of the Peoples' rate case settlement at Docket R-2023-3044549 which stated the following:

49. Because the base rate increase under this Settlement includes no amount for state income tax expense, the Company will not reflect future reductions to the state income tax rate in the STAS during the period that these base rates remain in effect.

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions regarding this filing.

Sincerely,

Carol Scanlon
Manager, Rates

PEOPLES NATURAL GAS COMPANY LLC
Calculation Of Incremental Rider A - State Tax Adjustment Surcharge

Current Period - Incremental Change in PA Taxes:

(1) Incremental Change in Corporate Net Income Tax Liability (Exhibit A)	\$	-
(2) Incremental Change in PURTA Tax Liability (Exhibit A)	\$	154,149
Total Current Period - Incremental Increase (Decrease) in PA Taxes	\$	<u>154,149</u>

Prior Period (Over) / Under Collections (Exhibit B) \$ 177,946

Total Tax Changes and (Over) / Under Collections \$ 332,094

Rider A - Computation - State Tax Surcharge

Incremental Change in PA Taxes (Above)	\$	332,094	
Delivery Fee Revenues - 4/1/2026 through 3/31/2027 (Exhibit C)	\$	471,412,540	
Rider A - State Tax Surcharge		<table border="1"><tr><td style="text-align: center;">0.07%</td></tr></table>	0.07%
0.07%			

PEOPLES NATURAL GAS COMPANY LLC
Change in PA Taxes

EXHIBIT A

Legislative Change in Corporate Net Income (CNI) Tax Rate:

Time Period	A State Taxable Value	B CNI Rate	C # of Months Effective	D=A*B*C CNI
2/ Base Period 4/1/2025 - 12/31/2025	\$ -	0.0799	9/12	\$ -
2/ Base Period 1/1/2026 - 3/31/2026	\$ -	0.0749	3/12	\$ -
				\$ -
2/ 4/1/2026 through 12/31/2026	\$ -	0.0749	9/12	\$ -
2/ 1/1/2027 through 3/31/2027	\$ -	0.0699	3/12	\$ -
				\$ -
Incremental Increase / (Decrease) in CNI				\$ - -----> \$ -

Change in PURTA Liability:

Time Period	A State Taxable Value	B PURTA Rate	C # of Months Effective	D=A*B*C PURTA Liability
1/ Base Rate Case - 2023				\$ 820,685
3/ 4/1/2026 through 12/31/2026	\$ 41,804,464	0.0233189	9/12	\$ 731,126
3/ 1/1/2027 through 3/31/2027	\$ 41,804,464	0.0233189	3/12	\$ 243,709
				\$ 974,834
Incremental Increase / (Decrease) in PURTA				\$ 154,149 -----> \$ 154,149

- 1/ Reflects the as-filed tax liability in Peoples' last rate case at Docket No. R-2023-3044549
All issues in this case were resolved through a "black box" settlement.
- 2/ In accordance with Peoples' last rate case at Docket No. R-2023-3044549, the Company will not reflect future reductions to the state income tax rate in the STAS during the period that these base rates remain in effect.
- 3/ Taxable value and PURTA rate are based on the July 30, 2025 PURTA Notice for tax year 2024.

PEOPLES NATURAL GAS COMPANY LLC
Calculation of (Over) Under Collection of State Tax Adjustment Surcharge

EXHIBIT B

I. Actual STAS Revenue

2025 March	<-- True-up from previous filing	\$	(7)	
April		\$	4,590	
May		\$	10,471	
June		\$	9,078	
July		\$	5,821	
August		\$	4,905	
September		\$	6,158	
October		\$	8,186	
November		\$	18,448	
December		\$	42,735	
2026 January		\$	48,810	
February		\$	55,624	
March	<-- Estimate	\$	40,429	
Total STAS Revenue Collected		\$	255,249	-----> \$ 255,249

II. Calculated Taxes

1) Prior Period (Over) Under Amounts included in STAS effective Month 4/10/2025 (4/2025 to 3/2026) -----> \$ 210,829

2) Corporate Net Income - Increase (Decrease)

Time Period	A State Taxable Value	B CNI Rate	C # of Days Effective	D=A*B*C CNI
2/ 4/1/2024 through 12/31/2024	\$ -	0.0849	9/12	\$ -
2/ 1/1/2025 through 3/31/2025	\$ -	0.0799	3/12	\$ -
				-----> \$ -
2/ 4/1/2025 through 12/31/2025	\$ -	0.0799	9/12	\$ -
2/ 1/1/2026 through 3/31/2026	\$ -	0.0749	3/12	\$ -
				-----> \$ -
Incremental Increase / (Decrease) in CNI				\$ -

3) PURTA - Increase (Decrease)

Time Period	A State Taxable Value	B PURTA Rate	C # of Days Effective	D=A*B*C PURTA Liability
4/ Former TWP Base Rate Case			179	\$ 25,501
5/ Former Peoples Base Rate Case	\$ 20,709,400	0.0304009	179	\$ 308,755
1/ Base Rate Case - 2023			186	\$ 418,212
				-----> \$ 752,469
3/ 4/1/2025 through 12/31/2025	\$ 41,804,464	0.0233189	9/12	\$ 731,126
3/ 1/1/2026 through 3/31/2026	\$ 41,804,464	0.0233189	3/12	\$ 243,709
				-----> \$ 974,834
Incremental Increase / (Decrease) in PURTA				\$ 222,365
Total Calculated Taxes				\$ 433,195

III. Prior Period (Over) Under Collections (Part II - Part I)

\$ 177,946

1/ Reflects the as-filed tax liability in Peoples' last rate case at Docket No. R-2023-3044549
All issues in this case were resolved through a "black box" settlement.

In accordance with Peoples' last rate case at Docket No. R-2023-3044549, the Company will not reflect future reductions to the state income tax rate in the STAS during the period that these base rates remain in effect.

3/ Taxable value and PURTA rate are based on the July 30, 2025 PURTA Notice for tax year 2024.

4/ Reflects the as-filed tax liability in Peoples Gas's last rate case at Docket No. R-2013-2355886.

5/ Reflects the as-filed tax liability in Peoples' last rate case at Docket No. R-2018-3006818

PEOPLES NATURAL GAS COMPANY LLC
Projected Delivery Fee Revenues

EXHIBIT C

Projected Year

Retail

Residential	277,341,623
SGS	29,360,619
MGS	13,652,389
LGS	865,184
Total	<u>\$ 321,219,814</u>

Transport

Residential	34,209,982
SGS	12,598,988
MGS	46,308,368
LGS	57,075,388
Total	<u>\$ 150,192,726</u>

Grand Total

471,412,540
