

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120**

Joint Application of National Fuel Gas Distribution Corporation (National Fuel) and North East Heat & Light (NEHL) for approval: (1) of the right for NEHL to transfer certain natural gas distribution facilities and rights to National Fuel, (2) for NEHL to abandon natural gas service in the Borough of North East and North East Township, Erie County, PA; and (3) for National Fuel to expand its service territory in the Borough of North East, Erie County, Pa.

**Public Meeting held April 16, 2026
Agenda No. 3057864-TUS
Docket Nos. A-2025-3057864
A-2025-3057865**

STATEMENT OF COMMISSIONER KATHRYN L. ZERFUSS

Before the Commission is the Joint Application of National Fuel Gas Distribution Corporation (National Fuel) and North East Heat & Light (NEHL). The application seeks (1) approval of the transfer of natural gas distribution assets from NEHL to National Fuel; (2) authorization for NEHL to discontinue natural gas service in the Borough and the Township of North East in Erie County; and (3) for National Fuel to expand its service territory to begin supplying the Borough of North East.

The financial terms of this transaction are structured to protect ratepayers. The agreed purchase price is \$1,310,000, subject to post-closing adjustments. With NEHL's assets carrying a net book value of \$925,612, National Fuel is paying an acquisition premium of about \$384,388. To ensure ratepayers are not adversely affected, National Fuel has committed to absorbing the acquisition premium and all post-closing costs, and neither National Fuel nor NEHL are seeking rate recovery for any of the transactional or transitional costs associated with the acquisition. The purchase price was negotiated at arm's length between two unaffiliated entities and would be funded through cash on hand and short-term borrowings, requiring no financing mechanisms that could introduce risk to customers.

With more than 120 years of experience serving Northwestern Pennsylvania and Western New York, National Fuel offers established operational and safety expertise in the Northeast service area. By integrating NEHL customers into a larger purchasing pool, they would benefit from National Fuel's stronger buying power, access to a diverse portfolio of firm pipeline and storage assets, gas procurement hedging strategies to mitigate price volatility, and lower administrative overhead. As a result, these customers are expected to see a total estimated net monthly bill decrease of \$10.57 per month, reflecting an estimated \$12.36 decrease in purchased gas costs, partially offset by an estimated \$1.79 increase in delivery charges from the application

of various riders. Former NEHL customers will also gain access to National Fuel's retail choice program, expanding their opportunities to shop for natural gas supply.

Beyond rate relief, this transaction includes meaningful upgrades to safety and customer protections. Customers would benefit from National Fuel's mature Pipeline Safety Management System, dedicated Quality Assurance Department, and professional GIS-based flow modeling, all of which contribute to faster emergency response times. Notably, National Fuel maintains a 99.7% response rate within 45 minutes across its Pennsylvania service territory.

NEHL customers would also become eligible for low income customer assistance programs, including Low Income Usage Reduction Program (LIURP), the Customer Assistance Program (CAP) and the Neighbor for Neighbor Hardship Program, providing a vital safety net for vulnerable residents.

National Fuel, for its part, would assume ownership of customer-owned service lines at its own expense; this single commitment may provide customers relief from costly infrastructure replacement. Additionally, it would bring those lines under uniform construction, maintenance, and damage prevention standards. It is a practical improvement with lasting safety implications.

I believe that this application satisfies the Commission's mandate for safe, reliable, and affordable utility service. In this instance, consolidation would eliminate provider confusion in the North East community, reduce duplicative system mileage, and improve operational efficiency. The record is straightforward: the acquiring utility absorbs costs, delivers measurable rate relief, and expands customer protections. I am satisfied this transaction is in the public interest, and I vote in favor of its approval.

DATE: April 16, 2026



Kathryn L. Zerfuss, Commissioner