



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
400 NORTH STREET, HARRISBURG, PA 17120

IN REPLY, PLEASE  
REFER TO OUR FILE

April 22, 2026

Docket No. M-2026-3060802  
Utility Code: 122250

CAROL SCANLON  
RATES MANAGER  
PNG COMPANIES LLC  
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**Re: Annual Asset Optimization Plan for Peoples Natural Gas Company LLC at Docket No. M-2026-3060802**

Dear Carol Scanlon,

On March 2, 2026, Peoples Natural Gas Company LLC (Peoples) filed its Annual Asset Optimization Plan (AAOP), pursuant to 52 Pa. Code § 121.6.

The Commission's regulations require utilities with an approved Distribution System Improvement Charge (DSIC) to file annually an AAOP with the Commission. The AAOP shall be filed 60 days after the prior 12 months of the company's Long-Term Infrastructure Improvement Plan (LTIIIP) has expired, and pursuant to this timeframe for each successive AAOP. 52 Pa. Code § 121.6(a).

The AAOP must include:

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

The Commission is charged with reviewing each AAOP only to determine whether the utility is in substantial compliance with the repairs, improvements, or replacements of the specific eligible property in its approved LTIIIP, for the corresponding 12-month timeframes. 52 Pa. Code § 121.6(d). The Commission has delegated the review of AAOPs to the Bureau of Technical Utility Services (TUS).

**Timely Filing**  
*52 Pa. Code § 121.6(a)*

*A utility with an approved DSIC shall file with the Commission, for informational purposes, an AAO plan. The AAO plan shall be filed annually with the Commission 60 days after the 12 months of its LTIIP has expired and under this time frame for each successive year of the term of the LTIIP.*

Peoples' AAOP substantially complies with this requirement.

### **Content**

*52 Pa. Code § 121.6(b)*

*An AAO plan must include:*

- (1) A description that specifies all the eligible property repaired, improved and replaced in the prior 12-month period under its LTIIP and prior year's AAO plan.*
- (2) A description of the eligible property to be repaired, improved and replaced in the upcoming 12-month period.*

Peoples' AAOP substantially complies with this requirement.

### **Substantial Adherence to LTIIP**

*52 Pa. Code § 121.6(d)*

*An AAO plan will be reviewed by the Commission only to determine whether the utility is in substantial compliance with the repairs, improvements or replacements of the specific eligible property in its approved LTIIP for the corresponding 12-month time frames.*

*52 Pa. Code § 121.6(e)*

*Absent any major modifications to the LTIIP or Commission action to reject an AAO plan within 60 days of its submission to the Commission, the AAO plan will be deemed approved. The Commission may extend its consideration period if necessary.*

*52 Pa. Code § 121.6(f)*

*If an AAO plan is rejected by the Commission, the utility will be notified of the plan's deficiencies and actions needed to repair, improve or replace eligible property to bring the utility into compliance with the work schedule in its approved LTIIP. If the utility concludes that it needs to revise its LTIIP to comply with the Commission's determinations, it shall file a petition for modification under § 121.5.*

Peoples' expenditures in 2025 were \$516.0 million, which is an increase of \$47.5 million, or 10.1% more than the company's planned expenditures of \$468.5 million in its LTIP. Peoples replaced 190 miles of distribution main, which is 2.2% more than the 186 miles planned in Peoples' LTIP.

Peoples reported replacing more service lines than projected in 2025 with 22,104 services replaced, which is 41.6% more than the 15,615 projected in the company's LTIP. Peoples relocated/replaced 79,939 meters, which is 523% more than the 12,830 projected in the company's LTIP. Peoples explains that the substantial increase in meter replacement is due to its initiative to install Intellis Meters. Much of the additional total spending in 2025 appears to be due to Peoples' substantial increase in the quantities of infrastructure replaced as compared to its LTIP projections.

Peoples stated that its projected 2026 LTIP expenditures match the LTIP the LTIP projection of \$606.6 million. Peoples reported that it estimates that it will replace approximately 186 miles of pipeline in 2026.

Compliance with the LTIP is evaluated on a multiyear basis over the life of the LTIP. Construction and budget variations in individual years can be expected and it is reasonable to expect that over a multi-year timeframe, much of this variation will be mitigated.

The AAOP does not propose a Major Modification to the company's LTIP.


Accordingly, Peoples' AAOP appears to substantially conform to the schedule set forth in the company's LTIP.

### **Conclusion**

Upon review of Peoples' AAOP filed on March 2, 2026, it appears that the filing substantially complies with the requirements of 52 Pa. Code § 121.6 and it is approved. This approval is contingent upon the possibility that subsequent audits, reviews and inquiries, in any Commission proceeding, may be conducted pursuant to 52 Pa. Code § 121.

If you are dissatisfied with the resolution of this matter, you may, as set forth in 52 Pa. Code § 5.44, file a petition with the Commission within twenty (20) days after the date of this letter. Please direct any questions regarding this filing to Matthew Stewart, TUS, at [mattstewar@pa.gov](mailto:mattstewar@pa.gov).

Sincerely,



Matthew L. Homsher  
Secretary

cc: Kriss Brown, LAW  
Allison Kaster, BIE  
Dan Searfoorce, TUS  
John Van Zant, TUS