

May 8, 2026

Via Electronic Filing

Matthew L. Homsher, Secretary
Pennsylvania Public Utilities Commission
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission, *et al.* v. Philadelphia Gas Works 2026-2027
Gas Cost Rate Filing – Docket Nos. R-2026-3060186, *et al.*

Dear Secretary Homsher:

Enclosed for electronic filing is the Joint Petition for Full Settlement of All Issues and Statements in Support with regard to the above-referenced proceedings. Copies of this letter to be served in accordance with the attached Certificate of Service.

Sincerely,



Deanne M. O'Dell

DMO/dmc
Enclosure

cc: The Honorable Marta Ghul (*via email*)
Eric Ball (*via email*)
Cert. of Service

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Joint Petition of Settlement, upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email Only

Harrison W. Breitman, Esq.
Ryan Morden, Esq.
Office of Consumer Advocate
5th Floor, Forum Place Bldg.
555 Walnut Street
Harrisburg, PA 17101-1921
hbreitman@paoca.org
rmorden@paoca.org

Rebecca Lyttle, Esq.
Office of Small Business Advocate
Commerce Building, Suite 202
300 North Second St.
Harrisburg, PA 17101
Relyttle@pa.gov

Michael A. Podskoch, Jr., Esq.
Bureau of Investigation & Enforcement
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105
mpodskoch@pa.gov

Charis Mincavage, Esq.
Adeolu A. Bakare, Esq.
Victoria A. Geddis, Esq.
McNees Wallace & Nurick
100 Pine Street
Harrisburg, PA 17101
cmincavage@mcneeslaw.com
abakare@mcneeslaw.com
vgeddis@mcneeslaw.com

Dated: May 8, 2026



Deanne M. O'Dell, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:		
	:	Docket No.	R-2026-3060186
	:		
	:		
Office of Consumer Advocate	:	Docket No.	C-2026-3060261
Office of Small Business Advocate	:	Docket No.	C-2026-3060961
	:		
v.	:		
	:		
	:		
Philadelphia Gas Works	:		

**JOINT PETITION
FOR FULL SETTLEMENT OF ALL ISSUES
PHILADELPHIA GAS WORKS’
2026-2027 GCR PROCEEDING**

Dated May 8, 2026

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A. INTRODUCTION

Philadelphia Gas Works (“PGW” or the “Company”) and the Office of Consumer Advocate (“OCA”) (collectively “the Settling Parties”)¹ hereby submit this Joint Petition for Full Settlement of All Issues regarding PGW’s 2026-2027 Gas Cost Rate (“GCR”) Proceeding (“Settlement”), as captioned above, and respectfully request the following:

1. That Administrative Law Judge (“ALJ”) Marta Guhl recommends that the Commission approve this Settlement and all of its terms and conditions without modification;
2. That the ALJ recommend, and the Commission authorize, PGW to file a tariff supplement to reflect rates and terms consistent with this Settlement and applicable to the Section 1307(f) purchased gas cost rate investigation at Docket No. R-2026-3060186, to be effective for services rendered on or after September 1, 2026, subject to quarterly adjustments permitted by Commission regulations, including a quarterly adjustment to be effective on September 1, 2026, to reflect actual experience and changes in forecasted natural gas prices utilizing the methodology as set forth in the supporting documents filed with this proceeding;
3. That based on the data and testimony submitted in this case, the ALJ recommend, and the Commission adopt, the Findings of Facts and Conclusions of Law set forth in Appendices A and B; and
4. That the Commission deem the complaints at Docket Nos. C-2026-3060261 and C-2026-3060961 satisfied, and mark the proceedings closed.

B. BACKGROUND

5. On January 30, PGW filed its supporting information for the pre-filing for its annual 2026-2027 Gas Cost Rate (“GCR”).

¹ While the Bureau of Investigation and Enforcement (“I&E”), Office of Small Business Advocate (“OSBA”) and the Philadelphia Industrial and Commercial Gas Users Group (“PICGUG”) do not join in this Settlement, each has authorized the Settling Parties to state their non-opposition to the Settlement. None of these parties pre-served testimony in this proceeding.

6. On February 3, 2026, the Office of Consumer Advocate (“OCA”) filed a complaint which is docketed at C-2026-3060261. On March 9, 2026, OSBA filed a Complaint, Public Statement and Verification which was docketed at C-2026-3060961. Consistent with 52 Pa. Code § 5.61(d), PGW did not file answers to the Complaints.
7. On February 6, 2026, the Office of Small Business Advocate (“OSBA”) filed a Notice of Appearance on behalf of Rebecca Lyttle, Esquire and Steven C. Gray, Esquire. A subsequent Withdrawal of Appearance for Steven C. Gray, Esquire was filed on February 18, 2026.
8. On February 9, 2026, the Philadelphia Industrial and Commercial Users Group (“PICGUG”) filed a Petition to Intervene.
9. On February 27, 2026, PGW filed its Section 1307(f) filing which included: proposed tariff revisions (Supplement No. 185 to PGW’s Gas Service Tariff – Pa P.U.C. No. 2 and Supplement No. 127 to PGW’s Gas Supplier Tariff – Pa P.U.C. No. 1); supporting information regarding the computation of annual purchased gas costs for twelve months ending August 31, 2027, and the direct testimony of Florian Teme (PGW St. 1) and Ryan E. Reeves (PGW St. 2).
10. The GCR filing was assigned to the Office of Administrative Law Judge for resolution and matter was assigned to Administrative Law Judge (“ALJ”) Marta Guhl.
11. On March 5, 2026, an Initial Telephonic Prehearing Conference Notice was issued informing the participants that a Prehearing Conference was scheduled for March 19, 2026.
12. On March 12, 2026, a Prehearing Conference Order was issued on March 12, 2026 setting forth details of issues to be addressed at the Prehearing Conference.
13. A Prehearing Conference was held on March 19, 2026. Counsel for PGW, I&E, OCA, OSBA and PICGUG participated.
14. By Prehearing Order #1 entered March 24, 2026, ALJ Guhl granted PICGUG’s Petition to Intervene, designated PGW, I&E, OCA, OSBA and PICGUG as the active parties of record and adopted a litigation schedule and discovery modifications. An evidentiary hearing was also scheduled for April 9, 2026.

15. On March 17, 2026, PGW filed a Motion for Protective Order and an Order Granting the Motion for Protective Order was issued on March 24, 2026.
16. On March 27, 2026, I&E, OCA, OSBA and PICGUG filed letters stating their intention not to pre-serve direct testimony.
17. On April 1, 2026, all active parties filed letters stating their intention not to pre-serve written rebuttal testimony.
18. On April 6, 2026, all active parties filed letters stating their intention not to pre-serve written surrebuttal testimony.
19. On April 6, 2026, PGW notified ALJ Guhl that OCA and PGW had been reached a full settlement and all other active parties indicated that they would not oppose the settlement. The parties requested either cancellation of the evidentiary hearing with submission of their evidence through separate motion. The parties also respectfully requested that they be permitted to file their Joint Petition for Settlement and Statements in Support on May 8, 2026, which was the date previously set for Reply Briefs.
20. ALJ Guhl granted the parties' request and a Hearing Cancellation Notice was issued on April 7, 2026. By email dated April 9, 2026, ALJ Guhl directed that provide a stipulation of the record no later than April 28, 2026 and that all other settlement document, including the joint petition for settlement, statements in support and letters of non-opposition be filed no later than May 8, 2026.
21. On April 28, 2026, a Joint Petition for Admission of Evidence and Motion to Admit Into the Record was filed by all parties which requested that the information previously filed as part of PGW's February 2, 2026 and March 1, 2026 submissions be admitted into the record. These previously filed documents include proposed tariff revisions (Supplement No. 185 to PGW's Gas Service Tariff – Pa P.U.C. No. 2 and Supplement No. 127 to PGW's Gas Supplier Tariff – Pa P.U.C. No. 1); supporting information regarding the computation of annual purchased gas costs for twelve months ending August 31, 2027, and the direct testimony of Florian Teme (PGW St. 1) and Ryan E. Reeves (PGW St. 2).
22. This Settlement addresses all issues pertaining to PGW's 2026-2027 annual GCR Filing.

C. SETTLEMENT

23. The undersigned Settling Parties support adoption of PGW's GCR for 2026-2027 as follows:

- a. The Settling Parties support adoption of PGW's GCR for 2026-2027 as supported by the information and direct testimony filed with the Commission on January 30, 2026 and February 27, 2026.
- b. PGW agrees to provide customer-facing educational information on its existing website which explains the process for natural gas procurement, including but not limited to:
 - i. An overall description of the PGW's annual GCR process;
 - ii. An acknowledgement that PGW passes the GCR to ratepayers at no markup;
 - iii. A general description of where the PGW sources its natural gas;
 - iv. Text written in a plain language manner;
 - v. PGW will publish this information on its website by January 1, 2027; and,
 - vi. PGW will notify the parties when it has been posted.
- c. PGW shall proceed as follows regarding filing dates, timeframe for data, and public notice for its next GCR and subsequent GCR filings.
 - i. Provide written notice to customers by bill insert in the one-month billing cycle commencing on the date of the annual 1307(f) filing, on March 1, of a tariff addendum and tariff or tariff supplement reflecting changes in purchased gas costs and ending no later than thirty (30) days after the filing of such tariff addendum and tariff or tariff supplement, instead of beginning such notice with the one-month billing cycle commencing thirty (30) days prior to the filing of the tariff addendum and tariff or tariff supplement as required by 52 Pa. Code § 53.68(a);
 - ii. Provide public notice via newspaper notice and notice on PGW's website on the date of the annual 1307(f) filing, March 1, of a tariff addendum and tariff or tariff supplement reflecting changes in purchased gas costs, instead of thirty (30) days prior to the filing of such tariff addendum and tariff or tariff supplement as required by 52 Pa. Code §§ 53.68(a) and 53.45(b); and
 - iii. Provide estimated data for both January and February in the March 1 quarterly 1307(f) filing instead of providing actual data for January alone as required by 52 Pa. Code § 53.64(i)(5)(i).

D. CONDITIONS OF SETTLEMENT

24. The Settling Parties agree, based upon evidence of record in this proceeding concerning PGW's projected gas purchases and gas purchasing policies, that PGW's projected gas purchases and projected gas purchasing policies comply with the standards of Section 1318 of the Public Utility Code. Nevertheless, it is expressly understood and agreed that the Settlement is made solely for the purpose of setting prospective rates that shall be subject to the standards of Section 1318 of the Public Utility Code, 66 Pa. C.S. § 1318, and further review in an appropriate future proceeding. The Settlement is not intended in any way to limit or prevent parties from reviewing, after such projected gas purchases actually have been made, or gas purchasing practices which actually are implemented, whether PGW's gas purchases and gas purchasing practices complied with Section 1318. If, in an appropriate future proceeding, gas purchases and gas purchasing practices for the period January 1, 2026 through August 31, 2026, or for the twelve-month period beginning September 1, 2026 and ending August 31, 2027, are challenged, the Commission's findings based upon this Settlement shall not bar the examination of such purchases and practices, including, but not limited to, the disallowance of, or reductions to, such costs. This Settlement will go into effect upon the Commission's entry of a final order approving the Settlement, in full and without modification.
25. If the Commission rejects the Settlement, the Agreement will automatically terminate and be null and void with the exception of paragraph D.27. below, which will continue in full force and effect. The Settlement also shall automatically become null and void (except for paragraph D.27. below) if the Commission, in approving the Settlement, modifies any of its terms or conditions or adds any conditions, unless it is subsequently accepted by the aggrieved signatory party, or parties, as so modified. If the Commission approves the Settlement in full and without modification, the Stipulation:
- (a) shall be deemed to resolve with prejudice all issues addressed by this Settlement; and
 - (b) shall be implemented and shall be enforceable notwithstanding the pendency of a petition for reconsideration or a legal challenge to the Commission's approval, unless such implementation and enforcement of the Settlement is stayed or enjoined by the Commission, another regulatory agency, or a Court having competent jurisdiction over the matter.

26. This Settlement is made without admission against or prejudice to any factual or legal positions which any of the signatories hereto may assert in subsequent litigation in the event that the Commission does not issue a final Order approving this Settlement in full and without modification. If the Commission does not adopt this Settlement in accordance with the terms set forth herein, the Settling Parties reserve their full right to argue that the Commission is without the legal authority to order the implementation of all or part of the terms and conditions set forth herein and no party shall be deemed to have waived or be estopped from asserting such a position before the Commission or before any court.
27. This Settlement Petition may be executed in counterparts, all of which shall constitute one agreement binding on all signatories and shall have the same force and effect as an original instrument, notwithstanding that the signatories may not be signatories to the same original or the same counterpart.
28. Statements in Support of this Settlement are attached hereto as Appendices D and E.
29. The Settling Parties agree to waive exceptions to the ALJ's Recommended Decision if the ALJ recommends that the Joint Petition for Settlement of Philadelphia Gas Works' 2026-2027 GCR Proceeding be approved without change or modification.

[Remainder of page intentionally left blank.]

E. CONCLUSION

WHEREFORE, the Settling Parties, by their respective counsel, respectfully request as follows:

- That Administrative Law Judge Marta Guhl and the Commission approve this Settlement including all terms and conditions thereof; and
- That the Commission enter an order consistent with this Settlement, resolving and terminating the 2026-2027 GCR proceeding.

Respectfully submitted,



Deanne M. O'Dell, Esquire
Bryce Beard, Esquire
Daniel Clearfield, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market St., 8th Fl.
Harrisburg, PA 17101
717.237.6000
dodell@eckertseamans.com
bbeard@eckertseamans.com
dclearfield@eckertseamans.com

Robert Hoaglund II, Senior Attorney
Philadelphia Gas Works
800 W. Montgomery Ave
Philadelphia, PA 19122
(215) 684-6362
robert.hoaglund@pgworks.com

For Philadelphia Gas Works

/s/Ryan Morden

Harrison W. Breitman, Esq.
Ryan Morden, Esq.
Office of Consumer Advocate
5th Floor, Forum Place Bldg.
555 Walnut Street
Harrisburg, PA 17101-1921
OCAPGW1307f@paoca.org
For Office of Consumer Advocate

APPENDIX A

PROPOSED FINDINGS OF FACT

APPENDIX A: PROPOSED FINDINGS OF FACT

Evidence

1. PGW's rate design and GCR calculation methodology are described by Florian Teme, Vice President, Marketing, Sales and Energy Planning of Philadelphia Gas Works, in PGW Direct Testimony St. No. 1 filed on February 27, 2026 with PGW's Annual GCR filing.
2. PGW's gas purchasing policies and strategies applicable to Fiscal Year ("FY") 2027 and those utilized in FY 2026, as well as PGW's price analysis and buying advisory service, are described by Ryan E. Reeves, Director of Gas Supply, Transportation and Control of PGW, in PGW Direct Testimony St. No. 2 filed on February 27, 2026 with PGW's Annual GCR filing.
3. PGW's pre-filing and Annual Filing made on January 30, 2026 and February 27, 2026 contain all supporting schedules and documentation required by Commission regulations to support its proposed GCR.

PGW's GCR Calculation

4. The GCR is a mechanism used to flow through the costs of natural gas and other raw materials in a timely and equitable manner with the specific elements of PGW's GCR set forth in its Gas Services Tariff. (PGW St. 1 at 8–9). The pricing methodology utilized by the Company is consistent with that used in the recent quarterly filings with the inclusion of the additional months in the 20-month forecast. Specifically, the Company utilized actual prices for January 2026 and the NYMEX Futures close data (as of January 1, 2026) for the 19 forecast months of February 2026 through August 2027. (PGW St. 1 at 12).
5. PGW provides public notice of changes in its Gas Cost Rate through tariff filings and customer notification mechanisms required by Commission regulations, including bill inserts and other forms of public notice required in connection with its annual Section 1307(f) filing. (PGW St. 1 at 3–7).

6. PGW's gas distribution system is located in Southeastern Pennsylvania in the County and City of Philadelphia. Since this is not a gas-producing area, PGW and its natural gas customers are dependent upon the interstate gas pipeline system to deliver natural gas into the PGW gas distribution system. PGW relies on the interstate pipeline for all natural gas supply, storage, and transportation services, except for PGW's own on-system peak shaving facilities. PGW owns and operates two liquefied natural gas ("LNG") facilities that are used primarily both to meet intraday, daily, and seasonal supply needs as well as to meet peak day requirements. In addition, PGW uses off-system natural gas storage services to meet winter peak requirements. (PGW St. 2 at 2).
7. Enbridge's Texas Eastern Transmission Pipeline and Williams' Transco Gas Pipeline are the two interstate natural gas pipelines that deliver gas to PGW's city gates and they are the only interstate pipeline facilities with physical connections to the PGW service territory. (PGW St. 2 at 2-3). Thus, all of PGW's supply contracts utilize these pipelines, and the contracts recognize pipeline receipt and delivery rights. The contracts also contain the ability to "lock up" the price for upcoming months or to have the pricing default to an agreed upon market index if there is no market advantage in fixing a price before the month begins. As a result, PGW not only ensures security of supply from the pipelines but also can take advantage of varying basis differentiated pricing in the market. (PGW St. 2 at 3-4).
8. PGW utilizes storages and LNG to meet operational requirements. Bundled storage contracts give PGW the right to both store and deliver gas via bundled pipeline capacity. Unbundled storage contracts provide storage rights for gas which is transported on PGW's firm pipeline transportation capacity. These storages provide off-system storage, and LNG provides on-system storage. While both types of storages are important to fulfill operational requirements, PGW's on-system LNG storage is vital during peak days when customer demand exceeds the amount of gas that can be physically provided through PGW's city gates. (PGW St. 2 at 2-4).

Gas Procurement and Cost Management

9. PGW also utilizes prepaid gas arrangements wherein it agrees to purchase gas from a gas supplier for (typically) 25–30 years. PGW receives a monthly invoice for gas received and obtains discounted pricing through tax-exempt financing arrangements. (PGW St. 2 at 6–7).
10. PGW currently has thirteen prepaid gas arrangements and projects that these arrangements will save customers approximately \$11.2 million annually in FY 2027. (PGW St. 2 at 7).
11. PGW reviews each of its existing contracts on a regular basis to ensure that none of the contracts are adverse to its customers’ interests and initiates renegotiations where appropriate. (PGW St. 2 at 5).
12. PGW is not affiliated with any pipeline or gas supply entity, nor does it have any contracts for local production. (PGW St. 2 at 5).
13. PGW pursues a least-cost procurement policy consistent with its obligation to provide safe, adequate, and reliable service to its customers, using a portfolio approach in both contract structure and pricing. (PGW St. 2 at 2–3).
14. PGW engaged Intercontinental Exchange to provide price analysis and buying advisory services at an annual cost of \$35,520. (PGW St. 2 at 9–10).
15. To ensure system reliability while seeking to procure gas at the least cost, PGW physically sources gas in accordance with its firm pipeline paths and utilizes operational planning, including supply status modeling during the winter operating season to ensure that peak day and design winter requirements can be met. (PGW St. 2 at 5).

Capacity Release, Off-System Sales, and Credits

16. PGW engages in capacity release, off-system sales, and asset management arrangements, returning 75% of associated margins and credits to customers through the GCR. (PGW St. 2 at 7–8).
17. PGW projects that it will credit approximately \$20,762,731 to the GCR in FY 2027 from capacity release, off-system sales, and asset management arrangements. (PGW St. 1 at 12).

Schedules and Supporting Data

18. Each of the schedules provided in Tab 2 of the Annual Filing, consistent with Commission regulations, supports the proposed GCR for the period September 1, 2026 through August 31, 2027 and is described in detail by PGW Witness Teme. (PGW St. 1 at 3–7).
19. The volumetric rates charged to PGW’s customers consist of the distribution charge and the GCR, along with the Merchant Function Charge and Gas Procurement Charge. (PGW St. 1 at 7–8).
20. Recovery of gas costs through the GCR allows PGW to reflect current market conditions without the time delay inherent in base rate proceedings. (PGW St. 1 at 8–9).
21. Various adjustments are made to the GCR, including prior period reconciliation, interest, and interruptible revenue credits. (PGW St. 1 at 9).

Transparency / Pass-Through Nature of GCR

22. PGW’s GCR is a pass-through mechanism that reflects the direct cost of natural gas and related expenses without inclusion of any labor, profit, or markup component. (PGW St. 1 at 8–9).
23. PGW’s GCR filings include detailed supporting schedules and documentation describing the calculation of gas costs and rates. (PGW St. 1 at 3–7).

Capacity Planning

24. PGW must maintain sufficient capacity to meet design day and design winter requirements, which represent worst-case demand scenarios. (PGW St. 2 at 2–4).
25. PGW manages capacity and supply through the use of firm pipeline transportation paths and operational planning, including the use of supply status modeling during the winter operating season to evaluate system conditions and ensure that peak day requirements and design winter conditions can be met. (PGW St. 2 at 5).

APPENDIX B

PROPOSED CONCLUSIONS OF LAW

APPENDIX B: PROPOSED CONCLUSIONS OF LAW

Historical Reconciliation Period Standards

1. With respect to PGW's gas purchases and gas purchasing practices during the twelve-month historical reconciliation period ended December 31, 2025, it is requested that the Administrative Law Judge ("ALJ") and the Commission find that PGW has met the standards of Section 1318 of the Public Utility Code, 66 Pa. C.S. § 1318, as required by Section 1307(f)(5) of the Public Utility Code, 66 Pa. C.S. § 1307(f)(5), as to all actual purchased gas costs in the historical period.
2. It is further requested that the Commission find that, during the twelve months ended December 31, 2025, PGW met the requirements of Section 1318(a) of the Public Utility Code by pursuing a least-cost fuel procurement policy, consistent with its obligation to provide safe, adequate, and reliable service to its customers.

Interim and Projected Period Findings

3. With respect to the eight-month interim period beginning on January 1, 2026, and with respect to the projected twelve-month period beginning September 1, 2026, during which the rates contained in this Settlement will be in effect, it is requested that the Commission find, based upon information presently available and upon the evidence of record in this proceeding concerning PGW's projected gas purchases and purchasing policies, that the rates to be adopted by the Commission result from PGW's compliance with all applicable provisions of Section 1318 of the Public Utility Code.

APPENDIX C

SAMPLE ORDERING PARAGRAPHS FOR RECOMMENDED DECISION

APPENDIX C: SAMPLE ORDERING PARAGRAPHS FOR RECOMMENDED DECISION

1. The Joint Petition for Settlement of Philadelphia Gas Works' 2026-2027 GCR Proceeding submitted by the Philadelphia Gas Works and the Office of Consumer Advocate is approved in its entirety, without modification.
2. Philadelphia Gas Works is authorized to file tariff supplements to reflect rates and terms consistent with this Order to be effective for services rendered on or after September 1, 2026, subject to quarterly adjustments permitted by Commission regulations at 52 Pa. Code § 53.64(i)(5), including a quarterly adjustment to be effective on September 1, 2026, to reflect actual experience and changes in forecasted natural gas prices.
3. PGW is permitted to continue to retain 25% of capacity release credits (excluding capacity release to firm transportation suppliers), off-system sales margin and asset management margin/credit/fees with the remaining 75% applied as an offset to purchased gas costs.
4. Philadelphia Gas Works is permitted to continue to be authorized to recover in the GCR the annual fee for its contract with Intercontinental Exchange.
5. Philadelphia Gas Works shall provide customer-facing educational information on its publicly accessible website explaining the process for natural gas procurement and the Gas Cost Rate, including, but not limited to:
 - a. a general description of PGW's annual GCR process;
 - b. an explanation that the GCR is passed through to customers without markup;
 - c. a general description of the sources of PGW's natural gas supply; and
 - d. such information presented in plain language.
6. PGW shall publish the information required by paragraph 5 no later than January 1, 2027 and shall notify the parties when such information has been made available.
7. Philadelphia Gas Works shall proceed as follows with respect to customer notice and data submission requirements for its next GCR filing and subsequent GCR filings:

- a. Provide written notice to customers by bill insert in the one-month billing cycle commencing on the date of the annual Section 1307(f) filing, on March 1, of a tariff addendum and tariff or tariff supplement reflecting changes in purchased gas costs and ending no later than thirty (30) days after the filing of such tariff addendum and tariff or tariff supplement, instead of beginning such notice with the one-month billing cycle commencing thirty (30) days prior to the filing of the tariff addendum and tariff or tariff supplement as required by 52 Pa. Code § 53.68(a);
 - b. Provide public notice via newspaper notice and notice on PGW's website on the date of the annual Section 1307(f) filing, March 1, of a tariff addendum and tariff or tariff supplement reflecting changes in purchased gas costs, instead of thirty (30) days prior to the filing of such tariff addendum and tariff or tariff supplement as required by 52 Pa. Code §§ 53.68(a) and 53.45(b); and
 - c. Provide estimated data for both January and February in the March 1 quarterly Section 1307(f) filing instead of providing actual data for January alone as required by 52 Pa. Code § 53.64(i)(5)(i).
8. The Commission terminates its investigation at Docket No. R-2026-3060186, deems the complaints at Docket Nos. C-2026-3060261 and C-2026-3060961 satisfied, and marks the proceedings closed.

APPENDIX D

Philadelphia Gas Works Statement in Support of Settlement

Appendix D to Joint Petition for Settlement

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:		
	:	Docket No.	R-2026-3060186
	:		
	:		
Office of Consumer Advocate	:	Docket No.	C-2026-3060261
Office of Small Business Advocate	:	Docket No.	C-2026-3060961
	:		
	:		
v.	:		
	:		
	:		
Philadelphia Gas Works	:		

**STATEMENT IN SUPPORT OF JOINT PETITION FOR SETTLEMENT
OF PHILADELPHIA GAS WORKS’ 2026-2027 GCR PROCEEDING**

Philadelphia Gas Works (“PGW” or the “Company”) offers this Statement in Support of the Joint Petition for Full Settlement of All Issues (“Settlement”) of its 2026–2027 Gas Cost Rate (“GCR”) Proceeding as filed by PGW and the Office of Consumer Advocate (“OCA”) (collectively, the “Settling Parties”). The Settlement resolves all issues in this proceeding, supports approval of PGW’s proposed 2026–2027 GCR, and establishes prospective measures to provide additional customer-facing information regarding the GCR and to continue the customer notice procedures utilized in prior GCR filings.

While the Bureau of Investigation and Enforcement (“I&E”), Office of Small Business Advocate (“OSBA”) and the Philadelphia Industrial and Commercial Gas Users Group (“PICGUG”) do not join in this Settlement, each has authorized the Settling Parties to state their non-opposition to the Settlement. None of these parties pre-served testimony in response to PGW’s proposals.

PGW respectfully requests that Administrative Law Judge Marta Guhl (“ALJ”) and the Commission: (1) approve the Settlement without modification as being in the public interest; and (2) make the findings required by Sections 1307(f) and 1318 of the Public Utility Code.

I. BACKGROUND

The procedural history of this proceeding is set forth in the Joint Petition for Settlement. All facts necessary to approve the Settlement are included in the record of this proceeding through PGW’s pre-filing and Annual Filing, as well as the supporting testimony, schedules, and exhibits. No party pre-served testimony in response to PGW’s proposed 2026–2027 GCR filing. Accordingly, the record demonstrates that PGW’s GCR filing is supported by uncontroverted evidence.

II. THE SETTLEMENT SATISFIES PGW’S LEGAL OBLIGATIONS

Approval of this Settlement will result in the continuation of PGW’s application of a least cost fuel procurement policy consistent with the Company’s obligation to provide safe, adequate, and reliable service. PGW accomplishes this by: (1) using a portfolio approach in contract structure and pricing in the natural gas pipeline capacity and gas supply; and (2) using capacity release credits, off-system sales margins (when available) and asset management margins, credits, or fees as an additional cost-saving strategy.

The Settlement sets forth a series of proposed findings of fact, conclusions of law and ordering paragraphs. These are required by Section 1318 of the Public Utility Code which states that “[n]o rates for a natural gas distribution utility shall be deemed just and reasonable unless the commission finds that the utility is pursuing a least cost fuel procurement policy, consistent with the utility’s obligation to provide safe, adequate and reliable service to its customers,” and that the Commission is required to make “specific findings” in that required, including findings in four

specific areas.¹ The findings, conclusions and ordering paragraphs offered in the Settlement highlight the process and information relied upon by PGW to calculate its GCR; all the referenced facts are supported by PGW's pre-filing and annual filings, testimony, schedules and exhibits all of which satisfy the requirements of Section 1318 specifically and the Public Utility Code in general. As such, PGW respectfully requests that they be accepted by the ALJ and the Commission.

III. APPROVAL OF THE SETTLEMENT TERMS IS IN THE PUBLIC INTEREST

The GCR filing presented by PGW is in full and complete compliance with all statutory and regulatory requirements. Approving PGW's 1307(f) filing as proposed in the Settlement is consistent with the Commission's goal of ensuring that PGW is pursuing a least cost procurement policy and will result in rates and surcharges that are just, reasonable, and in compliance with the Public Utility Code. In addition, the Settlement reduces the administrative burden and costs to resolve the issues. For all these reasons, the Settlement is in the public interest and should be adopted.

A. Enhanced Customer Understanding

The Settlement includes provisions related to customer-facing educational information about natural gas procurement and the operation of PGW's GCR.²

As reflected in the record, PGW's GCR is a pass-through mechanism designed to recover the actual cost of natural gas and related expenses without the inclusion of any labor, profit, or markup component.³ In addition, PGW's GCR filings include detailed supporting schedules and documentation that describe the calculation of gas costs and rates.⁴ While this information is fully

¹ 66 Pa. C.S. §1318(a).

² Joint Petition for Settlement, Section C, ¶ 23(b).

³ Proposed Findings of Fact ¶ 22; PGW St. 1 at 8–9.

⁴ Proposed Findings of Fact ¶ 23; PGW St. 1 at 3–7.

available in the record and subject to Commission review, it is not typically presented in a format intended for direct customer communication.

As part of the Settlement, PGW agrees to make available customer-facing information describing the GCR process, including how gas costs are incurred, how they are recovered, and the sources of PGW's natural gas supply, in accordance with the terms set forth in the Settlement.⁵ This provision establishes an additional means by which such information may be communicated to customers in connection with the GCR, including through PGW's publicly accessible website.

By making this information available on its website, in addition to existing regulatory requirements, the Settlement provides a structured, customer-facing presentation of information that is otherwise contained in PGW's filings and supporting materials. This represents a commitment by PGW to provide such information in a centralized, publicly available format. While utilities routinely provide information through tariffs and regulatory filings, information of this type is not typically presented to customers in this manner. Providing customers with additional information regarding the GCR offers greater visibility into the factors that may affect gas costs over time and supports confidence in the ratemaking process.

Importantly, the Settlement does not alter the manner in which PGW calculates or recovers its gas costs, nor does it affect the Commission's oversight of those costs. Rather, it builds upon the existing regulatory framework by providing an additional format through which information already developed and reviewed in this proceeding may be communicated to customers.

For these reasons, the customer education provisions included in the Settlement are reasonable, supported by the record, and in the public interest.

B. Timing of Customer Notice of GCR Tariff Filing

⁵ Joint Petition for Settlement, Section C, ¶ 23(b).

The Settlement also includes provisions addressing customer notice and filing procedures that are consistent with the approach that has been approved by the Commission in prior GCR proceedings. While it represents a modest modification of the default timing requirements set forth in the Commission's regulations, it reflects the practical operation of PGW's annual Section 1307(f) Gas Cost Rate filing and reflects the timing of that filing.

Under the Commission's regulations, customer notice is generally required to be provided in advance of the filing of tariff changes.⁶ In contrast, PGW's annual GCR filing occurs on March 1 and is supported by a defined forecasting methodology that utilizes actual pricing data and forward market projections, including NYMEX futures data, for the applicable period.⁷ The Settlement provides that customer notice will begin on the date of that filing and continue through the subsequent billing cycle, rather than preceding the filing.⁸

This approach aligns the timing of customer notice with the actual filing of updated gas cost information, so that such notice corresponds to the information contained in the filing itself. Accordingly, customer notice is provided in connection with the filed projections rather than in advance of the filing.

In addition, this approach is consistent with PGW's fiscal year and GCR filing cycle, which spans September 1 through August 31 and requires the Company to make its annual filing mid-cycle. Aligning customer notice with the March 1 filing date ensures that notice corresponds directly with the period for which updated gas cost projections are being established.

⁶ See 52 Pa. Code §§ 53.68(a) and 53.45(b).

⁷ PGW St. 1 at 12; Proposed Findings of Fact ¶ 4.

⁸ Joint Petition for Settlement at Section C, ¶ 23(c).

The Settlement further provides for modifications to the timing of public notice and data submission requirements associated with the annual Section 1307(f) filing, including the use of estimated data for both January and February in the March 1 quarterly filing.⁹

This approach has been consistently approved by the Commission in prior GCR proceedings, including the Commission's Order entered July 10, 2025 at Docket No. R-2025-3053241, and reflects the Commission's recognition of the timing and operational structure of PGW's GCR filing. The inclusion of these provisions in the Settlement continues that established practice and provides clarity regarding the application of customer notice requirements in this proceeding and future filings.

The continuation of this approach also promotes administrative efficiency by avoiding duplicative pre-filing notice, while maintaining full transparency regarding changes in gas costs. Importantly, the Settlement does not reduce the amount or quality of notice provided to customers; rather, it reflects the timing and manner in which such notice has historically been provided and approved by the Commission.

For these reasons, the customer notice provisions included in the Settlement are reasonable, consistent with past Commission practice, and in the public interest.

IV. CONCLUSION

For all of the foregoing reasons, the Settlement represents a reasonable resolution of all issues in this proceeding and is fully supported by the record. The Settlement preserves PGW's existing GCR methodology and least-cost procurement practices, consistent with Sections 1307(f)

⁹ Joint Petition for Settlement at Section C, ¶ 23(c).

and 1318 of the Public Utility Code, and does not alter the manner in which gas costs are calculated, reviewed, or recovered.

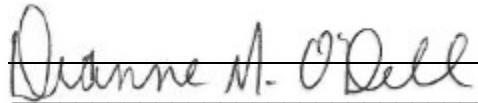
At the same time, the Settlement includes prospective provisions that provide additional customer-facing information and maintains the timing of customer notice requirements consistent with PGW's operations and prior Commission approvals. These provisions build upon the existing regulatory framework without diminishing Commission oversight or customer protections.

In addition, the Settlement avoids the need for further litigation, reduces administrative burden for the parties and the Commission, and provides clarity regarding the application of the GCR going forward. Approval of the Settlement is also consistent with the Commission's long-standing policy favoring the resolution of contested matters through settlement where such settlements are reasonable, supported by the record, and in the public interest.¹⁰

¹⁰ See 52 Pa. Code § 5.231(b).

Accordingly, the Settlement is reasonable, supported by the record, consistent with the Public Utility Code, and in the public interest. PGW respectfully requests that the Administrative Law Judge recommend, and the Commission approve, the Settlement in its entirety and without modification.

Respectfully submitted,



Deanne M. O'Dell, Esquire
Bryce Beard, Esquire
Daniel Clearfield, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market St., 8th Fl.
Harrisburg, PA 17101
717.237.6000
dodell@eckertseamans.com
bbeard@eckertseamans.com
dclearfield@eckertseamans.com

Robert Hoaglund II, Senior Attorney
Legal Department
Philadelphia Gas Works
800 W. Montgomery Ave
Philadelphia, PA 19122
(215) 684-6362
robert.hoaglund@pgworks.com

For Philadelphia Gas Works

Dated: May 8, 2026

APPENDIX E

Office of Consumer Advocate Statement in Support of Settlement

On February 3, 2026, the OCA filed a Formal Complaint and Public Statement. On February 4, 2026, the Bureau of Investigation and Enforcement (I&E) filed its Notice of Appearance. On February 6, 2026, the Office of Small Business Advocate (OSBA) filed its Notice of Appearance. On February 9, 2026, the Philadelphia Industrial and Commercial Gas Users Group (PICGUG) filed a Notice of Intervention. On March 9, 2026, OSBA filed a Formal Complaint and Public Statement.

On March 5, 2026, the OALJ issued a Notice setting the date and time for the Prehearing Conference in this matter for March 19, 2026, at 1:00 P.M. On March 12, 2026, the ALJ issued a Prehearing Order that included a list of items that the parties should be prepared to discuss during the March 19, 2026, Prehearing Conference.

The OCA propounded multiple sets of interrogatories. Subsequently the OCA and the other parties did not file testimony in this proceeding. Following good faith negotiations, on April 6, 2026, the PGW informed the ALJ that the Joint Petitioners (OCA and PGW) had reached a settlement in principle of all issues in the proceeding. The terms and conditions of the settlement agreement reached by the Joint Petitioners are now embodied in the “Settlement Petition” that accompanies this instant Appendix/Statement in Support. The OCA submits that the Company has met the requirements of 66 Pa. C.S. Sections 1307(f) and 1318, and that the Settlement is in the public interest for the reasons set forth below.

II. LEGAL STANDARDS

The Commission encourages parties in contested, on-the-record proceedings to settle cases. *See* 52 Pa. Code § 5.231. A settlement, by definition, reflects a compromise of the parties’ positions. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the settlement suits the public interest. *Pa. PUC v. CS Water*

and Sewer Associates, 74 Pa. PUC 767, 711 (1991). When the settling parties submitted their joint settlement petition for approval, the principal issue for the Commission is whether the agreement serves the public interest. *Pa. PUC v. Philadelphia Electric Company*, 60 Pa. PUC 1, 21 (1985).

III. SETTLEMENT

The Joint Petitioners agree to accept the underlying data and calculations submitted by PGW in its January 30, 2026, Pre-filing and its February 27, 2026, Annual Filing subject to the terms and conditions contained in the Settlement. Settlement ¶ 23(a). OCA witness Jerome D. Mierzwa conducted extensive review of PGW's GCR filing, including in the following topic areas mentioned in the OCA's Prehearing Memorandum: reasonableness and prudence of historic purchased gas costs, and assessment of compliance with Commission Orders in prior 1307(f) cases; reasonableness and accuracy of estimating gas costs during the interim and prospective periods; and the reasonableness and prudence of the Company's gas supply mix, including purchases of Pennsylvania-sourced gas supplies. OCA Prehearing Memo at 2-3. OCA witness Mierzwa reviewed the workpapers, calculations and supporting documentation used to develop PGW's projected total design firm peak day demand for the 2026-2027 winter season, as well as the design peak day demands of GCR and end-user firm transportation customers through discovery. Mr. Mierzwa determined that there were no significant issues with PGW's annual filing or the underlying workpapers, calculations, and supporting documentation that necessitated filing testimony. As Mr. Mierzwa did not identify any issues necessitating testimony, the OCA did not file testimony in this matter.

In its original filing, PGW did not propose updating its customer-facing website. The Joint Petitioners agreed to the following provision to help enhance customer understanding of how PGW acquires its natural gas from the wholesale market:

23(b). PGW agrees to provide customer facing educational information on its existing website which explains the process for natural gas procurement, including but not limited to:

- i. An overall description of PGW's annual GCR process;
- ii. An acknowledgement that PGW passes the GCR to ratepayers at no markup;
- iii. A general description of where PGW sources its natural gas;
- iv. Text written in a plain language manner;
- v. PGW will publish this information on its website by January 1, 2027; and,
- vi. PGW will notify the parties when it has been posted.

Settlement ¶ 23(b)(i-vi).

The addition of an easy-to-understand explainer of PGW's GCR process on its website will help customers who seek to further understand the supply component of their customer bill, including why the rate may change. Settlement Paragraph 23(b)(i-vi) enhances Settlement Paragraph 23(c)(i-iii) which emphasizes the importance of notice requirements for GCR proceedings e.g., a PGW customer gets notice of next year's 2027-2028 GCR filing and can then turn to PGW's website to better understand the nature of the filing. Settlement ¶ 23(b)(i-vi). Furthermore, the plain language component of subparagraph iv aligns with the Commission's policy guidelines promoting plain language communications to residential consumers. 52 Pa. Code § 69.251. For the reasons described above, the OCA requests Commission approval for this provision.

Finally, the Settling Parties agreed that PGW will conduct the following outreach ahead of its 2027-2028 GCR filing:

23(c). PGW shall proceed as follows regarding filing dates, timeframe for data, and public notice for its next GCR and subsequent GCR filings.

- i. Provide written notice to customers by bill insert in the one-month billing cycle commencing on the date of the annual 1307(f) filing, on March 1, of a tariff addendum and tariff or

tariff supplement reflecting changes in purchased gas costs and ending no later than thirty (30) days after the filing of such tariff addendum and tariff or tariff supplement, instead of beginning such notice with the one-month billing cycle commencing thirty (30) days prior to the filing of the tariff addendum and tariff or tariff supplement as required by 52 Pa. Code § 53.68(a);

- ii. Provide public notice via newspaper notice and notice on PGW's website on the date of the annual 1307(f) filing, March 1, of a tariff addendum and tariff or tariff supplement reflecting changes in purchased gas costs, instead of thirty (30) days prior to the filing of such tariff addendum and tariff or tariff supplement as required by 52 Pa. Code §§ 53.68(a) and 53.45(b); and
- iii. Provide estimated data for both January and February in the March 1 quarterly 1307(f) filing instead of providing actual data for January alone as required by 52 Pa. Code § 53.64(i)(5)(i).

Settlement ¶23(c)(i-iii)

The provisions above are consistent with previously approved Commission directives. *Pa. PUC v. Philadelphia Gas Works*, R-2025-3053241 (July 10, 2025), Order at 3-4. Emphasizing the notice requirements in subsections i and ii is in the public interest because communicating rate changes to customers is a key component of just and reasonable rates. 66 Pa. C.S. § 1301(a), 52 Pa. Code §53.68(a). Additionally, the notice requirements permit customers to file formal complaints in the event they would like to challenge PGW's GCR filing. Pa. Code §53.45(b). Subsection iii is in the public interest because including an additional month of information in the Company's 30-day annual pre-filing allows interested parties to review purchase patterns from wholesale suppliers in an effort to ensure PGW is procuring natural gas at the least cost possible as required by law. Pa. C.S. § 1318(a). For the reasons stated above, the OCA respectfully requests that the Commission approve Settlement ¶ 23(c)(i-iii).

IV. CONCLUSION

The Office of Consumer Advocate submits that the terms of the Settlement are in the public interest and in the interest of PGW's ratepayers. Based on the above reasons, the Office of Consumer Advocate submits that the proposed Settlement should be approved.

Respectfully Submitted,

/s/ Ryan Morden

Ryan Morden, Esq.

Assistant Consumer Advocate

PA Attorney I.D. # 335679

RMorden@paoca.org

Office of Consumer Advocate

555 Walnut Street

5th Floor, Forum Place

Harrisburg, PA 17101-1923

Phone: 717-783-5048

Fax: 717-783-7152

Harrison W. Breitman, Esq.

Assistant Consumer Advocate

PA Attorney I.D. # 320580

HBreitman@paoca.org

OCAPGW1307f2026@paoca.org

Dated: May 8, 2026

Counsel for:

Darryl A. Lawrence

Consumer Advocate