

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
Office of Consumer Advocate	:	
Office of Small Business Advocate	:	R-2026-3060186
	:	C-2026-3060261
v.	:	C-2026-3060961
	:	
Philadelphia Gas Works	:	

RECOMMENDED DECISION

Before
Marta Guhl
Administrative Law Judge

INTRODUCTION

This Recommended Decision recommends approval of the Joint Petition for Settlement offered by Philadelphia Gas Works (PGW or Company) in this matter to resolve all issues related to PGW’s annual 1307(f) filing. The Decision recommends approval of the Purchased Gas Costs Rates (GCR). The GCR rate adopted by the Settlement is \$4.8134 per Mcf, which is less than the GCR from the 2025 Settlement of \$5.2578 per Mcf. The rate adopted by the Settlement is the same as what PGW requested in its annual filing dated March 1, 2026.

HISTORY OF THE PROCEEDING

On February 2, 2026, PGW filed its prefiling information required for its annual 2026-2027 Gas Cost Rate Filing. As part of its prefiling, PGW indicated that

pursuant to the Pennsylvania Public Utility Commission's (Commission) July 10, 2025 Order at Docket No. R-2025-3053241, PGW intends to depart from the requirements of 52 Pa.Code §§ 53.45(b), 53.64(c), 53.64(i)(5)(i) and 53.68(a). Specifically, PGW indicated that it would notify individual customers by bill insert during a one-month billing cycle beginning on March 1, 2026, and concluding no later than March 31, 2026. PGW also indicated that it would provide public notice, in company offices that accept payments, of the tariff addendum and tariff supplement concerning PGW's 2026-2027 gas cost rate on March 1, 2026. Furthermore, PGW indicated that it would provide estimated data for January 2026 and February 2026 in the March 1, 2026 quarterly 1307(f) filing instead of actual data for January 2025.

On February 3, 2026, the Office of Consumer Advocate (OCA) filed a Formal Complaint which was docketed at Docket No. C-2026-3060261.

On February 4, 2026, Michael A. Podskoch, Esquire, filed a notice of appearance on behalf of the Commission's Bureau of Investigation and Enforcement (I&E).

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.

On February 9, 2026, the Philadelphia Industrial and Commercial Gas Users Group (PICGUG) filed a Petition to Intervene in this proceeding.

On February 27, 2026, PGW filed its 2026-2027 Gas Cost Rate Filing.

The gas cost rate filing was assigned to the Office of Administrative Law Judge for resolution by hearings and for issuance of a Recommended Decision. The matter was assigned to Administrative Law Judge Marta Guhl.

On March 5, 2026, an Initial Telephonic Prehearing Conference Notice was issued in this matter scheduling a Prehearing Conference for Thursday, March 19, 2026, at 1:00 p.m.

On March 9, 2026, OSBA filed a Formal Complaint in this matter which was docketed at Docket No. C-2026-3060961.

On March 12, 2026, I issued a Prehearing Conference Order which set out the matters to be addressed at the Prehearing Conference.

On March 17, 2026, PGW filed a Motion for Protective Order.

Pursuant to the Prehearing Conference Order, the parties filed Prehearing Conference Memorandum on March 18, 2026.

The prehearing conference was held as scheduled on March 19, 2026. Counsel for PGW, I&E, OCA, OSBA, and PICGUG participated.

On March 24, 2026, I issued Prehearing Order # 1 which laid out the procedural schedule and other procedural matters that were addressed during the Prehearing Conference.

Separately on March 24, 2026, I issued an Order granting a Motion for Protective Order.

On March 25, 2026, the In-Person Evidentiary Hearing Notice was issued, and the evidentiary hearing was scheduled for April 9, 2026, at 10:00 a.m. at the Keystone Building in Harrisburg, Pennsylvania.

On March 27, 2026, I&E, OCA, OSBA, and PICGUG all filed letters indicating that they would not be filing direct testimony in this matter.

On April 1, 2026, all of the parties indicated that they would not be filing any rebuttal testimony in this case.

On April 6, 2026, PGW, OCA, I&E and OSBA all indicated that they would not be serving surrebuttal testimony. PICGUG did not serve any surrebuttal testimony, nor did they indicate that they would not be serving surrebuttal testimony.

On April 6, 2026, counsel for PGW contacted my office via electronic mail to advise that the parties had reached a settlement in the above matter. The parties indicated that they wished to cancel the hearing scheduled for April 9, 2026. I granted this request via electronic mail.

On April 7, 2026, a Hearing Cancellation Notice was issued which cancelled the April 9, 2026, hearing.

On April 9, 2026, I notified the parties via email that a Joint Stipulation of the Exhibits to be entered into the record should be filed no later than April 28, 2026, and that the Joint Petition for Settlement, Statements in Support, and Letters of Non-Opposition were due no later than May 8, 2026.

On April 28, 2026, the parties filed a Joint Stipulation for Admission of Evidence and Motion to Admit into the Record. The parties moved that the following documents be entered into the record in this case:

1. Proposed Tariff Revision 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.
2. Supporting information regarding the computation of the annual purchased gas costs for the 12 months ending August 31, 2027.
3. Direct Testimony of Florian Teme (PGW St. 1).
4. Direct Testimony of Ryan E. Reeves (PGW St. 2).
5. Witness Verifications for PGW St. 1 and PGW St. 2. ¹

The Stipulated Record was approved via an Order dated June 1, 2026.

PGW and OCA filed the Joint Petition for Settlement (Joint Petition or Settlement) and Statements in Support of the Settlement on May 8, 2026. Although I&E, PICGUG and OSBA did not sign the Settlement, they indicated their non-opposition to the Settlement by filing Letters of Non-Opposition on May 8, 2026.

The record consists of a 21-page transcript of the Prehearing Conference, the Company's filings, the testimony and exhibits submitted by PGW, the Joint Petition for Settlement and appendices, PGW's and OCA's Statements in Support of the Settlement and the Letters of Non-Opposition filed by I&E, OSBA, and PICGUG.

The record closed on May 8, 2026, the date that the parties filed the Joint Settlement Petition, Statements in Support and Letters of Non-Opposition.

The statutory deadline for the Commission to act on this matter is September 1, 2026. The last reasonable public meeting date is August 6, 2026.

¹ These documents were attached to PGW's 2026-2027 Gas Cost Rate Filing.

FINDINGS OF FACT²

1. 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).

2. 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 10).

3. 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).

4. PGW's gas distribution system is located in Southeastern Pennsylvania in the County and City of Philadelphia. (PGW St. 2 at 2.)

5. 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 St. 2 at 2).

6. 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

² The Findings of Fact are the Findings that the parties proposed in the Joint Petition which they requested that the Commission adopt. They have been modified by the Administrative Law Judge when necessary.

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).

8. All of PGW's supply contracts utilize these pipelines, and the contracts recognize pipeline receipt and delivery rights. (PGW St. 2 at 3-4).

9. PGW utilizes storage 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. (PGW St. 2 at 4).

10. 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).

11. 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).

12. 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).

13. 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).

14. 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).

15. 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).

16. 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).

17. 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).

18. 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).

19. 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).

20. 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).

21. 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).

22. Various adjustments are made to the GCR, including prior period reconciliation, interest, and interruptible revenue credits. (PGW St. 1 at 9).

23. 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).

24. PGW's GCR filings include detailed supporting schedules and documentation describing the calculation of gas costs and rates. (PGW St. 1 at 3–7).

25. 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).

26. 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).

DESCRIPTION AND TERMS OF THE JOINT PETITION FOR
SETTLEMENT OF THE PHILADELPHIA GAS WORKS' 2026-2027 GCR
PROCEEDING

The Joint Petition for Settlement is a 7-page document signed by two of the five active parties. Although I&E, PICGUG and OSBA did not sign the Settlement, they did file Letters in Non-Opposition which stated their non-opposition to the Settlement. Appendix A are proposed Findings of Fact. Appendix B contains proposed Conclusions of Law. Appendix C contains proposed Ordering Paragraphs. Appendix D is PGW's Statement in Support. Appendix E contains OCA's Statement in Support.

The essential terms of the Joint Petition for Settlement of the Philadelphia Gas Works' GCR proceeding are set forth in Part C at Paragraph # 23 of the Joint Petition. Settlement paragraphs are as follows:

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).

DISCUSSION

Section 1307(f)(5) of the Public Utility Code (Code), 66 Pa. C.S. §1307(f)(5), requires that the Commission determine the portion of PGW's historic period actual gas costs which meet the least cost fuel procurement standards set forth in

Section 1318 of the Code, 66 Pa. C.S. §1318. In addition, Section 1318 findings must be made with respect to new GCR to be established in this proceeding. Section 1317 of the Code, 66 Pa. C.S. §1317, requires the submission of certain information to enable the Commission to make a least cost fuel procurement policy evaluation.

In determining whether PGW is pursuing a least cost fuel procurement policy under Section 1318 of the Code, the specific findings in §1318(a)(1) through (4) must be made as follows: (1) that the utility has fully and vigorously represented its ratepayers' interests before the Federal Energy Regulatory Commission (FERC); (2) that the utility has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the utility from terms in existing contracts with its gas suppliers which are or may be adverse to ratepayer interests; (3) that the utility has taken all prudent steps necessary to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies; and, (4) that the utility has not withheld from the market or caused to be withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy.

In this case, the parties have reached a settlement. It is the policy of the Commission to encourage Settlements. 52 Pa.Code § 5.231. In its policy statement regarding Settlements in major rate cases the Commission provides in pertinent part:

In the Commission's judgment, the results achieved from a negotiated Settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.

52 Pa.Code § 69.401.

In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Opinion and Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

PGW and OCA have agreed to a Settlement that resolves all of the issues in this proceeding. The Settling Parties agree that the Settlement is in the public interest and complies with the Public Utility Code. PGW and OCA each provided statements in support of the Settlement, each requesting that the presiding officer and the Commission approve the Joint Petition for Settlement in its entirety.

SETTLEMENT AND STATEMENTS IN SUPPORT

Pursuant to the Joint Petition, PGW is adopting a GCR of \$4.8134 per Mcf effective September 1, 2026.³ The Settling Parties agree that, in order to account for actual experience and changes in forecasted natural gas prices and demand, PGW will submit a quarterly adjustment to the PGC rate on or before September 1, 2026, to be effective on one day's notice, in accordance with 52 Pa.Code § 53.64.

PGW avers that the GCR filing presented by it 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, PGW maintains that the Settlement is in the public interest and should be adopted.⁴

³ Joint Petition for Settlement at p. 4, ¶23(a).

⁴ PGW Statement in Support at 3.

PGW notes that the Settlement includes provisions related to customer-facing educational information about natural gas procurement and the operation of PGW's GCR.⁵

PGW also notes that its 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.⁶ In addition, PGW's GCR filings include detailed supporting schedules and documentation that describe the calculation of gas costs and rates.⁷ While this information is fully available in the record and subject to Commission review, it is not typically presented in a format intended for direct customer communication.⁸

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.⁹ 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.¹⁰

PGW contends that 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

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

⁶ Proposed Findings of Fact ¶ 22; PGW St. 1 at 8–9.

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

⁸ PGW Statement in Support at 4.

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

¹⁰ PGW Statement in Support at 4.

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.¹¹

PGW avers that 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.¹²

Further, PGW notes that 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.¹³

Under the Commission's regulations, customer notice is generally required to be provided in advance of the filing of tariff changes.¹⁴ 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

¹¹ *Id.*

¹² PGW Statement in Support at 4.

¹³ *Id.* at 5.

¹⁴ See 52 Pa. Code §§ 53.68(a) and 53.45(b).

applicable period.¹⁵ 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.¹⁶

PGW maintains that 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.¹⁷

PGW also asserts 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.¹⁸

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.¹⁹

PGW notes that 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

¹⁵ PGW St. 1 at 12; Proposed Findings of Fact ¶ 4.

¹⁶ Joint Petition for Settlement at Section C, ¶ 23(c).

¹⁷ PGW Statement in Support at 5.

¹⁸ *Id.*

¹⁹ Joint Petition for Settlement at Section C, ¶ 23(c).

provisions in the Settlement continues that established practice and provides clarity regarding the application of customer notice requirements in this proceeding and future filings.²⁰

PGW states that 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.²¹

OCA asserts that it agreed 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. 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 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,

²⁰ PGW Statement in Support at 6.

²¹ *Id.*

calculations, and supporting documentation that necessitated filing testimony. As Mr. Mierzwa did not identify any issues necessitating testimony, OCA did not file testimony in this matter.²²

OCA notes that in its original filing, PGW did not propose updating its customer-facing website. The Joint Petitioners agreed to the provisions to help enhance customer understanding of how PGW acquires its natural gas from the wholesale market.²³

OCA maintains that the addition of an easy-to-understand explanation 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. 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 these reasons, the OCA requests Commission approval for this provision.²⁴

OCA also states the Settling Parties agreed that PGW will conduct the customer outreach ahead of its 2027-2028 GCR filing. OCA indicates that the provisions above are consistent with previously approved Commission directives.²⁵ Emphasizing the notice requirements in subsections i and ii is in the public interest because

²² OCA Statement in Support at 3.

²³ *Id.* at 3-4; *See also* Settlement ¶ 23(b)(i-vi).

²⁴ OCA Statement in Support at 3-4.

²⁵ *Pa. Pub. Util. Comm'n v. Philadelphia Gas Works*, R-2025-3053241 (Order Entered July 10, 2025), Order at 3-4.

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 as noted under 52 Pa. Code §53.45(b). OCA avers that 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 under 66 Pa. C.S. § 1318(a). OCA respectfully requests that the Commission approve Settlement ¶ 23(c)(i-iii).²⁶

After considering the Joint Petition for Settlement of Philadelphia Gas Works’ 2026-2027 Proceeding as well as the savings achieved by not fully litigating this case, it is my opinion that the Settlement is fair, just, reasonable and in the public interest. The Settlement addresses OCA’s concerns regarding customer education and customer outreach prior to the next GCR proceeding in 2027-2028. Accordingly, I recommend that the Joint Petition for Settlement of Philadelphia Gas Works’ 2026-2027 Proceeding be approved in its entirety and without modification.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the parties and subject matter of this proceeding. 66 Pa.C.S. §§ 1307(f), 1317 and 1318.
2. There is sufficient evidence of record to make the findings required by Section 1318 of the Public Utility Code, 66 Pa. C.S. §1318.

²⁶ OCA Statement in Support at 4.

3. PGW has met the requirements of Section 1318 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.

4. PGW's rates for purchased gas costs, as the parties have agreed upon in this proceeding, during the relevant time period are just and reasonable and in compliance with 66 Pa.C.S. § 1318.

5. With respect to PGW's gas purchases and gas purchasing practices during the twelve-month historical reconciliation period ended December 31, 2025, 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.

6. During the twelve months ended December 31, 2025, PGW met the requirements of Section 1318(a) of the Public Utility Code, 66 Pa.C.S. § 1318(a), by pursuing a least-cost fuel procurement policy, consistent with its obligation to provide safe, adequate and reliable service to its customers.

7. With respect to the eight-month interim period beginning on January 1, 2026, and the projected twelve-month period beginning September 1, 2026, the rates to be adopted by the Commission result from PGW's compliance with all of the provisions of Section 1318 of the Public Utility Code, 66 Pa.C.S. § 1318.

8. A Settlement should be approved, if it is fair, just, reasonable, and promotes the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Opinion and Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

9. The Joint Settlement Petition is in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Opinion and Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Settlement of the Philadelphia Gas Works' 2019-2020 Gas Cost Rate Proceeding, including all appendices and documents identified therein, be admitted into the record of the proceeding at Docket Number R-2026-3060186;

2. That the Joint Petition for Settlement of the Philadelphia Gas Works' 2026-2027 Gas Cost Rate Proceeding submitted by the Philadelphia Gas Works and the Office of Consumer Advocate at Docket No. R-2026-3060186 be approved;

3. That the Philadelphia Gas Works be authorized to file a tariff supplement to reflect rates and terms consistent with the Settlement and applicable to the Section 1307(f) purchased gas cost rate investigation at Docket No. R-2026-3060186 to be effective upon at least one day's notice 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, as reflected in Part C of the Joint Petition;

4. That the Philadelphia Gas Works shall calculate the quarterly filing updates for the 2026-2027 Gas Cost Rate period in accordance with the Commission's regulations at 52 Pa.Code § 53.64(i)(5);

5. That Philadelphia Gas Works will provide an annual reconciliation of its retainage rate and lost and unaccounted for rate in its March 1 annual filing;

6. That Philadelphia Gas Works be permitted to proceed as follows in its 2026-2027 GCR proceedings:

- 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).

7. That the formal Complaint filed by the Office of Consumer Advocate at C-2026-3060261 be deemed satisfied;

8. That the formal Complaint filed by the Office of Small Business Advocate at C-2026-3060961 is denied;

9. That the intervention of the Philadelphia Industrial and Commercial Gas Users Group is dismissed; and

10. That the Commission Investigation at Docket No. R-2026-3060186 be terminated and marked closed.

Date: June 2, 2026

/s/
Marta Guhl
Administrative Law Judge