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File #: 217586

June 12, 2026

VIA ELECTRONIC FILING

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

Re: Pennsylvania Public Utility Commission, *et al* v. Peoples Natural Gas Company LLC
Docket Nos. R-2026-3060165, *et al.*

Dear Secretary Homsher:

Attached for filing is the Joint Petition for Settlement on behalf of Peoples Natural Gas Company LLC in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Hayley E. Wilburn

HW/bfc
Attachment

cc: Administrative Law Judge Katrina L. Dunderdale (*via email; w/attachment*)
Administrative Law Judge Ann Quimby (*via email; w/attachment*)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL

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Date: June 12, 2026

Hayley E. Wilburn

Hayley E. Wilburn

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, *et al*.	:	
	:	
v.	:	Docket Nos. R-2026-3060165, *et al.*
	:	
Peoples Natural Gas Company LLC	:	
	:	

JOINT PETITION FOR SETTLEMENT OF THE SECTION 1307(f) RATE INVESTIGATION

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For Peoples Natural Gas Company LLC

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TO ADMINISTRATIVE LAW JUDGES KATRINA L. DUNDERDALE AND ANN QUIMBY:

Peoples Natural Gas Company LLC ("Peoples" or the "Company"), the Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), and the Office of Consumer Advocate ("OCA"), parties to the above-captioned proceeding (hereinafter, collectively referred to as the "Joint Petitioners"),[1] hereby file this Joint Petition for Settlement of the Section 1307(f), 66 Pa. C.S. § 1307(f), Rate Investigation ("Settlement"). The Joint Petitioners respectfully request that Administrative Law Judges Katrina L. Dunderdale and Ann Quimby (the "ALJs") recommend approval of, and the Commission approve, this Settlement as set forth below without modification. A table comparing the current rates, the proposed rates and the Settlement rates for each class is provided immediately below this paragraph as **Table 1**, and a larger version of this same table is provided in **Appendix A**. A discussion of rate impacts is included in Section III of this Settlement.

Table 1. Comparison of Current Rates, Proposed Rates, and Settlement Rates for Rate Classes RS, SGS, MGS, and LGS

Peoples Natural Gas Company LLC					Percent change			Percent change				Percent
RETAIL	Average Annual	Existing	Proposed	Proposed	in propsed	Settlement	Settlement	in settlement	Current	Settlement	Difference	Change
Rate Schedule	Usage (Mcf)	Tariff Rates 1/	Change	Tariff Rates	Rates	Change	Tariff Rates	Rates	Annual Bill	Annual Bill	Annual Bill	Annual Bill
RS	86	$ 14.6377	$ (2.1297)	$ 12.5079	-14.5%	$ -	$ 12.5079	-14.5%	$ 1,466	$ 1,283	$ (183)	-12.5%
SGS	250	$ 11.9429	$ (2.0893)	$ 9.8536	-17.5%	$ -	$ 9.8536	-17.5%	$ 3,258	$ 2,735	$ (522)	-16.0%
MGS	1,750	$ 11.6439	$ (2.0893)	$ 9.5545	-17.9%	$ -	$ 9.5545	-17.9%	$ 21,625	$ 17,968	$ (3,656)	-16.9%
LGS	50,000	$ 10.4671	$ (2.0893)	$ 8.3778	-20.0%	$ -	$ 8.3778	-20.0%	$ 541,454	$ 436,988	$ (104,467)	-19.3%
1/ Peoples Natural Gas net billing rate effective February 12, 2026.												

[1] The Office of Small Business Advocate ("OSBA") was a party to this proceeding and has indicated that it does not oppose the Settlement. OSBA will file a letter indicating its non-opposition to the Settlement.

Subject to the terms of the Settlement, the Joint Petitioners request that the Commission: (1) authorize Peoples to file the form of retail tariff supplement provided as **Appendix B** hereto, with rates to become effective October 1, 2026, subject to updates and tariff modifications[2]; (2) authorize Peoples to file the form of supplier tariff supplement provided as **Appendix C** and (3) make all associated findings required by Section 1307(f) and Section 1318 of the Public Utility Code, 66 Pa. C.S. §§ 1307(f), 1318.

In support of this Settlement, the Joint Petitioners state the following:

I. <u>INTRODUCTION</u>

1. Peoples is a limited liability company formed under the laws of the Commonwealth of Pennsylvania for the purpose of providing natural gas transmission, distribution, and supplier of last resort services subject to the Commission's regulatory jurisdiction.

2. Peoples is a "public utility" and a "natural gas distribution company" as those terms are defined in Sections 102 and 2202 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 102, 2202.

3. Because Peoples' annual operating revenues derived from providing gas service to customers in Pennsylvania exceed $40 million, the Company's recovery of purchased gas costs is governed by Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f), and the Commission's regulations at 52 Pa. Code §§ 53.61-53.65, 53.68.

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[2] The rates in Appendix B reflect the proposed gas cost rates, any quarterly rate changes that were effective February 12, 2026, and any settlement rate changes. The rates in Appendix B will be updated to reflect any changes as of October 1, 2026, when the final tariff supplements are filed.

4. On January 30, 2026, Peoples made its PGC 60-day pre-filing (re: affiliated interests) with the Commission in compliance with Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f), and the Commission's regulations at 52 Pa. Code § 53.65.

5. On February 3, 2026, OCA filed a Formal Complaint and Public Statement

6. On February 6, 2026, OSBA filed a Notice of Appearance.

7. On March 2, 2026, Peoples submitted its 30-day PGC pre-filing with the Commission in compliance with Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f), and the Commission's regulations at 52 Pa. Code §§ 53.64 and 53.65.

8. On March 5, 2026, OSBA filed a Complaint and Public Statement.

9. On March 9, 2026, I&E filed a Notice of Appearance.

10. On March 25, 2026, Peoples filed a Notice of Appearance.

11. On March 30, 2026, Administrative Law Judges Katrina L. Dunderdale and Ann Quimby ("the ALJs") issued an Initial Telephonic Prehearing Conference Notice, setting the date and time for an initial prehearing conference in the above-captioned matter at 9:00 a.m. on Monday, April 13, 2026.

12. Also on March 30, 2026, the ALJs issued a Prehearing Conference Order, requiring Prehearing Memoranda to be submitted by all parties on or before 4:00 p.m. on Friday, April 10, 2026.

13. On April 1, 2026, Peoples filed a Pro Forma Tariff Supplement containing proposed changes to the Peoples Retail Tariff Gas – Pa. P.U.C. No. 48 and the Peoples Supplier Tariff No. S-4. The Tariff Supplement set forth the specific rates proposed by Peoples for recovery of purchased gas costs effective on October 1, 2026.

14. On April 10, 2026, Peoples, OCA, OSBA, and I&E filed their respective prehearing memoranda.

15. Also on April 10, 2026, Peoples filed a Motion for Protective Order pursuant to 52 Pa. Code §§ 5.362(a)(7) and 5.365(a).

16. On April 13, 2026, the ALJs conducted the prehearing conference. At the prehearing conference, the parties considered issues raised by the filings, discussed prehearing matters, and established a litigation schedule.

17. On April 14, 2026, the ALJs issued an In-Person Evidentiary Hearing Notice, setting the date for an in-person evidentiary hearing in the above-captioned matter at 9:00 a.m. on Monday, May 18, 2026.

18. Also on April 14, 2026, the ALJs issued a Prehearing Order, consolidating the Formal Complaints of OCA and OSBA with the above-captioned proceeding for the purposes of a hearing and Recommended Decision, adopting proposed discovery modifications, a litigation schedule, and addressing other matters raised during the prehearing conference.

19. On April 22, 2026, the ALJs issued a Protective Order, granting Peoples' Motion for Protective Order.

20. On April 24, 2026, OCA, OSBA, and I&E each filed a letter advising that they would not be filing direct testimony in the instant proceeding.

21. On May 6, 2026, Counsel for Peoples advised the ALJs that a Settlement in Principle had been agreed to or not opposed by all parties. Peoples' Counsel also informed the ALJs that they did not believe an evidentiary hearing would be necessary.

22. Also on May 6, 2026, the ALJs advised the parties that the Joint Settlement Petition is not due until the reply brief due date, but that a joint stipulation to admit evidence and to waive

cross examination was due by May 15, 2026. The ALJs also advised that the evidentiary hearing would be cancelled upon receipt of the joint stipulations.

23. On May 15, 2026, Peoples filed a Joint Stipulation for Admission of Evidence.

24. On May 19, 2026, Peoples filed a Revised Joint Stipulation for Admission of Evidence, along with its witnesses' verifications.

25. Also on May 19, 2026, the ALJs issued an Interim Order admitting prepared written testimony into the hearing record, and suspending the litigation schedule in the proceeding. The Interim Order also directed that a fully executed joint settlement agreement, accompanied by substantive Statements in support submitted by all signatories, shall be submitted on or before noon on Friday, June 12, 2026.

26. The Joint Petitioners are in full agreement that the Settlement is in the best interest of Peoples, the Joint Petitioners, and Peoples' customers.

27. The Settlement agreed to by the Joint Petitioners is as follows:

II. SETTLEMENT TERMS

A. WAGNER ADJUSTMENT

27. Peoples will be permitted to include the remaining balance of $434,817 of the damages incurred by the Company in the Company's e-factor for recovery beginning October 1, 2026.

B. CUSTOMER RETAINAGE RATES

28. Peoples' stand-alone tariffed retainage rate for all classes, except for Rate MLS customers, effective October 1, 2026 shall be 6.8%.

29. Peoples' Rate MLS retainage rate remains unchanged.

C. PRODUCER RETAINAGE RATES

30. Peoples' producer retainage rate will continue to be 2.61% for all conventional production effective October 1, 2026.

31. The retainage rate for the Goodwin system shall be 28.8% for the period of October 1, 2026 to September 30, 2027.

D. UNACCOUNTED FOR GAS ("UFG")

32. The Parties acknowledge that Peoples' distribution UFG percentage for the twelve-month period ending August 31, 2025, is in compliance with the Commission's regulations at 52 Pa. Code § 59.111(c)(1).

E. MISCELLANEOUS

33. Peoples Rate SGS/MGS balancing charge shall be $0.7555/Mcf, and Peoples Rate LGS balancing charge shall be $0.2432/Mcf.

34. The overrun and OFO charges incurred and included in this filing were prudently incurred and in compliance with the least cost gas standard.

35. Except as revised by this Settlement, the proposed rates and other requested approvals contained in the Peoples Natural Gas' 2026 PGC filing should be approved.

36. The costs presented by Peoples in Exhibit 6 as a result of the natural gas demand during Winter Storm Fern, were prudently incurred and in compliance with the least cost gas standard.

37. In accordance with the provisions of 52 Pa. Code § 53.64(i)(5), the Peoples Natural Gas compliance filing in this proceeding will reflect updated actual and projected over/under collections through September 30, 2026.

38. The parties agree that the Commission should approve the renewals and changes in gas supply, pipeline, and storage capacity contracts that are explained in Peoples Natural Gas Statement No. 2 and related exhibits included in the 1307(f)-2026 definitive filing.

III. RATE IMPACT OF SETTLEMENT

41. The ALJ has directed the Joint Petitioners to set forth the following information for Peoples' Residential ("RS"), Small General Service ("SGS"), Medium General Service ("MGS"), and Large General Service ("LGS") rate classes in their Joint Settlement Petition:

1. Average annual usage in Mcf;
2. Existing or current tariff rates;
3. Proposed gas cost;
4. Percent change between existing and proposed gas cost;
5. Settled-upon gas cost;
6. Percent change between existing and settled-upon gas cost;
7. Current annual bill;
8. Proposed annual bill as-filed; and
9. Annual bill as settled-upon.

42. Consistent with past proceedings, the requested information is set forth in the table in **Appendix A**. Additionally, consistent with discussions held during the prehearing conference, information on the rate impact of settlement has been included here as follows:

A. RATE RS

43. For Rate RS, the average annual usage is 86 Mcf. The existing tariff rate for Rate RS is $14.6377.

44. The proposed gas cost for Rate RS is $12.5079. This represents a decrease of $2.1297 or percent change of -14.5% between the existing and proposed gas costs.

45. The settled-upon gas cost between the Joint Petitioners is the same as that proposed in the Company's April 1, 2026 Definitive Filing, *i.e.*, $12.5079. Thus, the percent change between the existing and settled-upon gas cost is also -14.5%.

46. The current annual bill is $1,466. The proposed annual bill, as-filed in the Company's April 1, 2026 Definitive Filing is $1,283. This represents a decrease of $183.00 or percent change of -12.5% between the existing and proposed annual bill.

47. Because the Joint Petitioners agreed to or did not oppose Peoples' proposed gas cost, the proposed annual bill, as-filed, remains the same as the annual bill as settled-upon.

B. RATE SGS

48. For Rate SGS, the average annual usage is 250 Mcf. The existing tariff rate for Rate SGS is $11.9429.

49. The proposed gas cost for Rate SGS is $9.8536. This represents a decrease of $2.0893 or percent change of -17.5% between the existing and proposed gas costs.

50. The settled-upon gas cost between the Joint Petitioners is the same as that proposed in the Company's April 1, 2026 Definitive Filing, *i.e.*, $9.8536. Thus, the percent change between the existing and settled-upon gas cost is also -17.5%.

51. The current annual bill is $3,258. The proposed annual bill, as-filed in the Company's April 1, 2026 Definitive Filing is $2,735. This represents a decrease of $522.00 or percent change of -16% between the existing and proposed annual bill.

52. Because the Joint Petitioners agreed to or did not oppose Peoples' proposed gas cost, the proposed annual bill, as-filed, remains the same as the annual bill as settled-upon.

C. RATE MGS

53. For Rate MGS, the average annual usage is 1,750 Mcf. The existing tariff rate for Rate MGS is $11.6439.

54. The proposed gas cost for Rate MGS is $9.5545. This represents a decrease of $2.0893 or percent change of -17.9% between the existing and proposed gas costs.

55. The settled-upon gas cost between the Joint Petitioners is the same as that proposed in the Company's April 1, 2026 Definitive Filing, *i.e.*, $9.5545. Thus, the percent change between the existing and settled-upon gas cost is also -17.9%.

56. The current annual bill is $21,625. The proposed annual bill, as-filed in the Company's April 1, 2026 Definitive Filing is $17,968. This represents a decrease of $3,656.00 or percent change of -16.9% between the existing and proposed annual bill.

57. Because the Joint Petitioners agreed to or did not oppose Peoples' proposed gas cost, the proposed annual bill, as-filed, remains the same as the annual bill as settled-upon.

D. RATE LGS

58. For Rate LGS, the average annual usage is 50,000 Mcf. The existing tariff rate for Rate LGS is $10.4671.

59. The proposed gas cost for Rate LGS is $8.3778. This represents a decrease of $2.0893 or percent change of -20.0% between the existing and proposed gas costs.

60. The settled-upon gas cost between the Joint Petitioners is the same as that proposed in the Company's April 1, 2026 Definitive Filing, *i.e.*, $8.3778. Thus, the percent change between the existing and settled-upon gas cost is also -20.0%.

61. The current annual bill is $541,454. The proposed annual bill, as-filed in the Company's April 1, 2026 Definitive Filing is $436,988. This represents a decrease of $104,467 or percent change of -19.3% between the existing and proposed annual bill.

62. Because the Joint Petitioners agreed to or did not oppose Peoples' proposed gas cost, the proposed annual bill, as-filed, remains the same as the annual bill as settled-upon.

IV. PROPOSED FINDINGS OF FACT

63. Peoples pursues its goal of least cost reliable service through a combination of local and interstate assets and supplies. The local assets are Peoples' on-system storage facility and a

gathering and distribution system, which have allowed Peoples to deliver local natural gas supplies produced in Pennsylvania and purchased by Peoples from Pennsylvania producers (Peoples Natural Gas Company Statement No. 2, p. 4.)

64. Peoples' interstate assets consist of a portfolio of transportation and storage services that Peoples has contracted for with various Federal Energy Regulatory Commission ("FERC")-regulated pipelines, including Eastern Gas Transmission and Storage, Inc. ("EGTS") (f/k/a Dominion Energy Transmission, Inc.), Texas Eastern Transmission LP ("TETCO"), Equitrans, L.P. ("Equitrans"), National Fuel Gas Supply Corporation ("NFG" or "National Fuel"), and Columbia Gas Transmission, LLC ("TCO"). The Company also has interconnects with Tennessee Gas Pipeline Company, LLC ("Tennessee" or "TGP"), but does not currently contract for either transportation or storage services on Tennessee. Those interstate assets give Peoples access to a variety of locations at which it can receive gas supplies that are produced upstream of the Peoples system. The interstate storage assets allow Peoples to use its upstream assets more efficiently, mitigate the effects of price swings in the natural gas market, and enhance the deliverability of Peoples' interstate natural gas supplies during periods of peak demand. Peoples' interstate supplies are primarily EQT Energy, LLC ("EQT Energy") and other Appalachian-produced gas that it purchases from suppliers upstream of the Peoples system for delivery into various receipt points of the interstate pipelines and occasionally purchases on a delivered basis at Peoples' city-gate. (Peoples Natural Gas Company Statement No. 2, pp. 4-5.)

65. Over the 1307(f)-2026 historical period, Peoples' capacity portfolio included: (1) interstate pipeline transportation and storage services from Equitrans; (2) interstate pipeline transportation and storage services from EGTS; (3) interstate pipeline transportation service from TETCO; (4) interstate pipeline transportation and storage services from NFG; and (5) interstate

pipeline transportation and storage service from TCO. In addition, Peoples purchases winter-only, city-gate delivered supply via Tennessee, TETCO, and TCO. Although these are gas purchase arrangements, Peoples treats them the same as interstate capacity for planning purposes because the Company requires deliveries at the respective delivery points and would pursue firm capacity at these points if reliable city-gate delivered supply was not available. (Peoples Natural Gas Company Statement No. 2, pp. 15-16.)

66. Beginning December 17, 2013, Equitrans began providing firm transportation and firm storage services from Equitrans' AVC to Peoples. The AVC services consist of transportation service under Rate Schedule EFT, no-notice transportation service under Rate Schedule FTSS, and Storage Service under Rate Schedule GSS. The FTSS and GSS service agreements provide Peoples and its customers with access to AVC storage capacity of 8.6 MMDth annually and maximum deliverability of 200,000 Dth per day. The EFT service agreement provides Peoples and its customers up to 251,700 Dth per day of firm transportation capacity. These service agreements provide for a total of 451,700 Dth per day of firm capacity on the AVC system. (Peoples Natural Gas Company Statement No. 2, p. 19.)

67. Beginning April 1, 2014, Equitrans began providing Peoples firm transportation service under Rate Schedule FTS from Equitrans' Mainline system. Gas transported under this agreement is sourced from receipt points on the Sunrise section of the Mainline system and delivered to Equitrans' Ginger Hill station, which is the point of interconnection between Equitrans' Mainline and AVC systems. The capacity is seasonal, and the maximum firm daily quantity is 251,700 Dth during November through March and 62,000 Dth during April through October. (Peoples Natural Gas Company Statement No. 2, p. 19.)

68. In Peoples' 1307(f)-2025 proceeding, Peoples described the various service arrangements that would be in effect between Peoples and Equitrans and the costs associated with them over what is now the 1307(f)-2026 historical period. In its final order in that proceeding, the Commission approved rates for the collection of Peoples' natural gas costs that included the costs associated with the Equitrans' service arrangements over what is now the 1307(f)-2026 historical period. (Peoples Natural Gas Company Statement No. 2, p. 20.)

69. For the 1307(f)-2026 historical period, EGTS provides service to Peoples under four service agreements and three rate schedules which all have an expiration date of March 31, 2034. EGTS provides year-round Rate FTNN no-notice transportation service at 40,000 Dth/day, Rate FT firm transportation service of 40,000 Dth/day, and Rate GSS storage service under two separate service agreements, one with capacity of 4.6 MMDth annually and maximum deliverability of 40,000 Dth/day and the other with capacity of 2.48 MMDth annually and up to 40,000 Dth/day of deliverability. These agreements promote service reliability in parts of the Peoples distribution system that are particularly well-suited for gas deliveries from EGTS. (Peoples Natural Gas Company Statement No. 2, p. 21.)

70. Under a service agreement with EGTS that expires on March 31, 2029, Peoples has 10,000 Dth/day of FT firm transportation service and 10,000 Dth/day of GSS firm storage service with a storage capacity of 600,000. Peoples additionally has 10,000 Dth/day of FT transportation service that expires October 31, 2028. (Peoples Natural Gas Company Statement No. 2, p. 21.)

71. TETCO provides Peoples with firm transportation service under Rate Schedule FT-1 and also delivers to the city-gate purchases made by Peoples from suppliers who are TETCO shippers. Peoples requires gas deliveries in the eastern portion of its service territory at Ebensburg, Delmont, Claysburg, and Rockwood and supplies into these delivery points are essential during

the winter. Peoples purchases gas on TETCO and moves it over TETCO's facilities under its Rate FT-1 service agreement primarily to the Ebensburg and Delmont delivery points. Peoples also contracts with gas suppliers for the purchase of firm supply that is delivered on TETCO to Peoples' city-gates at the Claysburg and Rockwood delivery points in addition to occasionally supplementing the firm transportation deliveries at Ebensburg. TETCO also provides an operational balancing agreement that helps Peoples manage the unanticipated swings in demand at its physical interconnections with TETCO. (Peoples Natural Gas Company Statement No. 2, pp. 22-23.)

72. Peoples had 15,650 Dth/day of FT-1 firm transportation service under contract from TETCO for the entire 1307(f)-2026 historical period. Gas supplies under this transportation contract, which expires on April 30, 2027, are delivered by TETCO primarily at Peoples' Ebensburg delivery point located in TETCO's market zone M3. This service agreement may also be used to deliver gas supplies at Claysburg, also in M3, and Rockwood, which is upstream of Ebensburg in TETCO's market zone M2. Peoples plans to renew this TETCO FT-1 firm transportation service agreement during the 1307(f)-2026 projected period. (Peoples Natural Gas Company Statement No. 2, p. 23.)

73. Peoples proposed in the 1307(f)-2015 proceeding to put in place an arrangement for additional firm gas deliveries of up to 25,000 Dth per Day to the Ebensburg delivery point for the 2015-2016 winter period. In the following year's 1307(f)-2016 proceeding, Peoples recommended seeking proposals for similar arrangements for the following winter, and this recommendation was accepted. Subsequent Request for Proposals ("RFP") resulted in firm agreements covering each winter period from 2016-2017 through 2025-2026. This most recent winter included a very cold stretch of seven days in a row from January 27 through February 2, when Peoples used its TETCO agreements to deliver approximately 33,700 Dth each day at

Ebensburg, which assisted effectively in holding up gas service in the eastern portion of the Peoples service territory. (Peoples Natural Gas Company Statement No. 2, pp. 25-26.)

74. Peoples can accept up to 15,000 Dth/day at its Rockwood interconnection and 25,000 Dth/day at its Delmont interconnect with TETCO in TETCO's market zone M-2. Peoples utilizes its firm transportation service of 10,000 Dth/day under Rate Schedule FT-1 to deliver supplies to its TETCO M2 interconnects but also has entered into a series of annual agreements for delivered supply to supplement its firm transportation agreement. From 2017 through 2026, Peoples issued RFPs and contracted for delivered gas agreements for up to 11,000 Dth/day for each winter season. (Peoples Natural Gas Company Statement No. 2, p. 26.)

75. In July 2025, Peoples issued an RFP for firm deliveries of up to 11,000 Dth/day at TETCO M2 Rockwood for the period of November 2025 through March 2026. Approximately twenty potential suppliers were solicited, and three proposals were received. Peoples accepted an offer for up to 11,000 Dth/day delivered to Rockwood. The offer was chosen because the total costs of its reservation fee and variable commodity rate were anticipated to be the least cost option while satisfying Peoples' service and delivery requirements. The accepted offer had no reservation fee. The deal allowed for combinations of baseload and daily calls for supply. Baseload supply would be priced at the INSIDE FERC's Gas Market Report, Monthly Bidweek Spot Gas Price Index for Texas Eastern, M-2 Receipts for the month of flow. Daily supply would be priced Gas Daily midpoint pricing for Texas Eastern, M-2 Receipts reported for the day of flow plus $0.45. There was no minimum call provision for baseload or daily supply to Rockwood. (Peoples Natural Gas Company Statement No. 2, pp. 26-27.)

76. In July 2025, Peoples issued an RFP for firm deliveries of up to 36,000 Dth/day at TETCO M3 Ebensburg for the period of November 2025 through March 2026. Peoples received

six proposals from three companies for Ebensburg supply. Peoples accepted two of the proposals, neither of which included a reservation fee. Both proposals also had essentially the same cost structure. The offers were chosen because the total costs of their reservation fees and variable commodity rates were anticipated to be the least cost options while satisfying Peoples' service and delivery requirements. Both proposals provided deliver at a TETCO priority ranking of three at a price related to IFERC TETCO M3 plus $0.00 for monthly baseload calls, and the Gas Daily midpoint for Texas Eastern M3 for daily calls. Neither of the proposals included a minimum delivery requirement. One of the accepted proposals included an option, but not an obligation, for Peoples to accept a lower priority of delivery at a lower cost. However, Peoples did/does not expect to exercise this option. (Peoples Natural Gas Company Statement No. 2, p. 27.)

77. In Peoples' 1307(f)-2025 proceeding, Peoples described its service arrangements with TETCO and its intent to enter into arrangements for delivered gas on TETCO that would be in effect over what is now the 1307(f)-2026 historical period. Peoples also included estimated costs for these arrangements and described the reasons why Peoples entered into those firm supply arrangements. Under the settlement, the Parties agreed that the Commission should approve the Company's gas supply, pipeline and storage capacity contracts. In its final order in that proceeding, the Commission approved the settlement including the rates for the collection of Peoples' natural gas costs that included the costs associated with the TETCO service arrangements. (Peoples Natural Gas Company Statement No. 2, p. 28.)

78. Similar to prior years, in addition to utilizing the FT contracts the Company holds with TETCO, the Company proposes to issue an RFP to potential suppliers for TETCO Zone M-2 delivered supply up to 30,000 Dth/day for the winter period November 2026 through March 2027 to assist in balancing out Design Peak Day Requirements. The Company also proposes to

issue a separate RFP to potential suppliers for TETCO Zone M-3 delivered supply up to 20,000 Dth/day for the winter period November 2026 through March 2027. Since the higher delivery ranking for its Zone M3 supply that the Company contracted for during the 2025/2026 winter season worked well at minimizing supply disruptions and overrun penalties, the Company plans to request this same level of service in its 2026 RFP process. This is because TETCO has increased the number of OFOs it has normally issued for Zone M-3 deliveries, and the Company believes that this trend will continue due to the large electric generation load now attached to this part of TETCO's system. (Peoples Natural Gas Company Statement No. 2, pp. 28-29.)

79. NFG provides Peoples with no-notice storage service and firm transportation service under rates approved by the FERC. Peoples uses NFG's services primarily to serve the isolated Grove City area of its service territory. Peoples uses its storage service from NFG as a no-notice balancing service to manage supply to an uncertain demand and as a way to reduce natural gas costs, by buying supplies when they generally are cheaper during the summer months and injecting them into storage, and to enhance reliability, by withdrawing the volumes from storage during the winter when demand is highest. Peoples utilizes its firm transportation service from NFG both to support the NFG storage service and for deliveries from other supply sources. (Peoples Natural Gas Company Statement No. 2, pp. 29-30.)

80. During the entire 1307(f)-2026 historical period and for the first two months of the 1307(f)-2026 projected period, NFG provided 9,793 Dth/day of no-notice storage service to Peoples under its Rate ESS and 15,476 Dth/day of firm transportation service to Peoples under its Rate EFT. Peoples entered into both of those contracts in the mid-1990s, and the primary terms of those contracts expired on March 31, 2003. However, each of the contracts contains a one-year notice of termination provision so that if neither party gives the other one-year's notice of

termination, the contracts automatically renew for another year. The contracts have automatically renewed on April 1 of each year since 2003 but last year, National Fuel requested that the term of this agreement be extended to March 31, 2030. Since Peoples requires this capacity to meet the needs of its customers in an operationally isolated portion of its service area and this National Fuel contract has worked well at fulfilling the supply needs in that area for over 30 years, Peoples executed an agreement in June 2025 extending this contract through March 31, 2030. (Peoples Natural Gas Company Statement No. 2, p. 30.)

81. In Peoples' 1307(f)-2025 proceeding, Peoples described the arrangements between Peoples and NFG that would be in effect, over what is now the 1307(f)-2026 historical period. Peoples also described the reasons why it entered into those arrangements and the costs associated with them. Under the Company's 1307(f)-2025 settlement, the Parties agreed that the Commission should approve the Company's gas supply, pipeline, and storage capacity contracts. In its final order in that proceeding, the Commission approved the settlement including the rates for the collection of Peoples' natural gas costs that included the costs associated with the NFG service arrangements over what is now the 1307(f)-2026 historical period. (Peoples Natural Gas Company Statement No. 2, p. 31.)

82. For the 1307(f)-2026 historical period, TCO provided Peoples firm transportation service under Rate FTS of up to 4,000 Dth/day. TCO also provided firm storage service under Rate SST of up to 2,000 Dth/day with a total storage capacity of 112,860 Dth with an expiration date of March 31, 2028. The Company utilizes the TCO services to maintain system integrity in the Fairview and Hickory Corners area of the system. (Peoples Natural Gas Company Statement No. 2, pp. 31-32.)

83. The Company's TCO FTS, GSS and SST contracts expire on March 31, 2028, and Peoples does not propose any changes to these contracts. (Peoples Natural Gas Company Statement No. 2, p. 32.)

84. In Peoples' 1307(f)-2025 proceeding, Peoples described the arrangements between the Company and TCO that would be in effect, over what is now the 1307(f)-2026 historic period. Peoples also described the reasons why it entered into those arrangements and the costs associated with them. Under the settlement, the Parties agreed that the Commission should approve the Company's gas supply pipeline and storage capacity contracts. In the final order in that proceeding, the Commission approved the settlement including the rates for the collection of Peoples' natural gas costs that included the costs associated with the TCO service arrangements over what is now the 1307(f)-2026 historical period. (Peoples Natural Gas Company Statement No. 2, p. 33.)

85. Peoples annually issues an RFP for city-gate delivered supply for the upcoming winter season. These delivered supply agreements require the supplier to utilize Tennessee pipeline delivery points directly into Peoples at Pittsburgh Terminal and Pulaski. In addition, the agreements also required deliveries into the Columbia Gas of Pennsylvania, Inc. ("CPA") natural gas distribution system at New Castle, PA. This supply supports an exchange agreement under which CPA delivers gas into the Grove City area of Peoples' service territory, which is not physically integrated with the rest of the Peoples system. (Peoples Natural Gas Company Statement No. 2, pp. 34-35.)

86. In July 2025, Peoples issued an RFP for up to 45,000 Dth per day to TGP meters at Pitt Terminal, Pittsburgh Terminal (PNG Bradford Woods), Pulaski and New Castle. Approximately twenty potential suppliers were solicited, and four offers were received from three companies. Peoples entered into an agreement with a supplier to make deliveries ranging from

zero Dth/day to 45,000 Dth/day, across all of its TGP meters. This offer was chosen because it had no reservation fee and was able to meet Peoples' service and delivery requirements. The agreement specified baseload supply pricing at the INSIDE FERC's Gas Market Report, Monthly Bidweek Spot Gas Price Index for Tennessee, Zone 4-200 Leg for the month of flow plus plus zone 4 to zone 4 variables plus $0.085. For daily requested quantities, the proposal specified pricing at Gas Daily midpoint pricing for Tennessee, Zone 4-200 Leg reported for the day of flow plus zone 4 to zone 4 variables plus $0.085. There was no minimum call provision of baseload or daily supply to Peoples' TGP meters. (Peoples Natural Gas Company Statement No. 2, p. 35.)

87. In Peoples' 1307(f)-2025 proceeding, Peoples described its intention to issue RFPs for delivered service arrangements on Tennessee that would be in effect, over what is now the 1307(f)-2026 historical period. Peoples also included estimated costs for these arrangements and described the reasons why Peoples entered into those supply arrangements. Under the 1307(f)-2025 settlement, the Parties agreed that the Commission should approve the Company's gas supply, pipeline and storage capacity contracts. In its final order in that proceeding, the Commission approved the settlement including the rates for the collection of Peoples' natural gas costs that included the costs associated with this arrangement over what is now the 1307(f)-2026 historical period. (Peoples Natural Gas Company Statement No. 2, p. 36.)

88. The Company proposes to issue another RFP for delivered supply on Tennessee that will provide for delivery of natural gas on a firm basis for up to 50,000 Dth/day delivered to Peoples with 0 - 34,000 Dth/day delivered to Pittsburgh Terminal (meter 420199), 0 - 10,000 Dth/day delivered to Pittsburgh Terminal (meter 420385), 0 – 3,000 Dth/day delivered to Pulaski, 0 - 3,000 Dth/day delivered to New Castle for the winter period of November 2026 through March 2027. (Peoples Natural Gas Company Statement No. 2, p. 36.)

89. Peoples currently owns and operates five storage fields, which have 2,147,000 Mcf of storage capacity and 55,300 Mcf of maximum design day withdrawal capacity. (Peoples Natural Gas Company Statement No. 2, p. 42.)

90. There are two categories of natural gas costs that Peoples incurs to own and operate its on-system storage facilities. The first of those categories is the portion of Peoples' requirements for company use and lost and unaccounted for gas that was attributable to those facilities. The second is the weighted average cost that Peoples assigns to each Mcf that is injected into and withdrawn from its on system (and interstate) storage facilities. For the 1307(f)-2026 historical period, the weighted average cost was based on the cost of all supplies that Peoples acquired over calendar year 2025. The total weighted average costs that Peoples assigned to injections into and withdrawals from storage over the historical period were those set forth on Peoples Natural Gas Company Exhibit No. 6. (Peoples Natural Gas Company Statement No. 2, p. 42.)

91. In Peoples' 1307(f)-2025 proceeding, Peoples set forth projections regarding the use of on-system storage over what is now the 1307(f)-2026 historical period. In that proceeding, Peoples described the projected weighted average costs assigned to the supplies that Peoples anticipated injecting into and withdrawing from its on-system and interstate storage facilities over that same period. In its final order in that proceeding, the Commission approved rates for the collection of Peoples' natural gas costs that included the weighted average costs of supplies that Peoples anticipated injecting into and withdrawing from storage over what is now the 1307(f)-2026 historical period. The rates approved by the Commission also included the cost of Peoples' projected requirements for company use and lost or unaccounted for gas, including the portion of those requirements attributable to its on-system storage facilities. (Peoples Natural Gas Company Statement No. 2, p. 43.)

92. Peoples projects to incur the weighted average costs of supplies injected into and withdrawn from storage that were set forth on Peoples Natural Gas Company Exhibit Nos. 7 and 8. While Peoples has done its best to anticipate what those weighted average costs will be, when the Company looks back next year, the weighted average costs likely will be different than what Peoples is projecting here, again because of the inability to predict the exact price of market-priced supplies. (Peoples Natural Gas Company Statement No. 2, pp. 43-44.)

93. Peoples and its customers continue to purchase a substantial amount of their gas supply from Pennsylvania and Appalachian producers. Year-round base load gas supply is purchased by the Company from approximately 198 local Pennsylvania producers at approximately 944 supply meters. The majority of this gas is produced from conventional gas wells drilled into shallow upper Devonian formations (approximately 4,000 ft.). Over the last 100 years, the Company's pipeline system has been designed and operated to accommodate local supply, which must be delivered at varying pressures. (Peoples Natural Gas Company Statement No. 2, p. 44.)

94. The deliverability of Pennsylvania gas has historically declined as the gas wells age. Such decline is characteristic of these small volume local wells and thus, over time, deliverability of existing wells will continue to fall as these wells are depleted. Over the last several years, the decline in new shallow well development resulted in production from the new gas wells failing to offset the production deliverability declines of the existing Pennsylvania gas wells. Production from Marcellus wells has accounted for roughly 20% of the total local production into Peoples' system. Adding new Marcellus gas is limited due to the lower operating pressures of the gathering system and most Marcellus production is sold to the transport market since its steady,

year-round supply matches up better with the less heat-sensitive large industrial load. (Peoples Natural Gas Company Statement No. 2, pp. 44-45.)

95. In Peoples' 1307(f)-2025 proceeding, Peoples described its contracts for local gas supplies that would be in effect over what is now the 1307(f)-2026 historical period. Under the settlement, the Parties agreed that the Commission should approve the Company's gas supply, pipeline and storage capacity contracts. In its final order in that proceeding, the Commission approved the settlement including the rates for the collection of Peoples' natural gas costs that included the costs associated with the local gas contracts over what is now the 1307(f)-2026 historical period. (Peoples Natural Gas Company Statement No. 2, p. 46.)

96. Most of Peoples' local gas purchase agreements are priced at the standard first of the month Eastern South Point index and therefore do not need renegotiated due to the evergreen nature of the agreements. During the 1307(f)-2026 historical period, more local production meters switched from system supply to transportation agreements than vice versa which resulted in the amount of local supplies Peoples purchased for its customers being approximately 15% less than for the 1307(f)-2025 historical period. (Peoples Natural Gas Company Statement No. 2, p. 47.)

97. Peoples uses the spot market to purchase a substantial amount of its natural gas requirements. A large portion of its interstate supply deals are done as day-ahead deals and reference a published index for pricing, allowing the final pricing to be determined by the market. Along with its local gas supplies, these are the supplies that Peoples uses to meet the demands of those customers who continue to buy their supplies from Peoples. These are also the supplies that Peoples uses its various interstate pipeline assets to transport and store. (Peoples Natural Gas Company Statement No. 2, p. 48.)

98. Peoples continually adjusts its daily supply plan based on actual and projected daily weather and customer usage. As part of that process, Peoples determines if additional supply is required at various parts of its system or, during the storage injection season, at various off-system storage receipt points. Peoples monitors the New York Mercantile Exchange ("NYMEX") futures prices and the Intercontinental Exchange ("ICE") cash and forward prices, and monitors various spot market gas index prices for areas from which it purchases spot market supplies. With this information, Peoples will determine the least cost option to serve areas of its system that require additional supply. Peoples is in frequent contact with many gas suppliers who will agree to deliver spot market supplies to pipeline receipt points from which Peoples is able to secure transportation to its city-gate or to storage receipt points pursuant to off-system storage contracts. (Peoples Natural Gas Company Statement No. 2, pp. 48-49.)

99. Since 2010, Peoples has been working to reduce UFG. The Company's UFG volume was 7.0 Bcf in 2019, which resulted in a loss rate of 4.46%. For the period ending August 31, 2025, the overall Company system amount was 6.2 Bcf, which resulted in an overall system loss rate of 4.23%. The two main components of the Company's overall UFG are Distribution UFG and Gathering UFG. Distribution UFG for the last reporting period is 4.14 Bcf which results in a loss rate of 2.9% which is at the Commission's targeted loss rate for Distribution UFG. The Gathering UFG for the 2025 reporting period is 2.0 Bcf and equates to a loss rate of 6.88%, down from 9.83% in 2017 when the Company began its most recent mitigation plan. (Peoples Natural Gas Company Statement No. 5, pp. 3-4.)

100. Despite the efforts to reduce UFG, Peoples remains challenged to reduce UFG on its pipelines that gather gas from local production wells. The Peoples gathering system is comprised of older (mostly pre-1970), low pressure pipe, much of which has provided service for

producers and customers for many years and is nearing the end of its useful life. The customers are generally scattered across the gathering system in relatively rural areas, although there are a very few areas where there are high concentrations of customers. Since the Commission adopted regulations beginning in 2014 requiring industry-wide UFG reporting, Peoples has segmented the loss attributable to the gathering pipelines from the loss attributable to other functional pipeline systems. (Peoples Natural Gas Company Statement No. 5, p. 4.)

101. The Company has seen less and less local gas delivered into the Company's lines in recent years due to normal production declines and decreased new drilling in these systems. As the total amount of gas entering the gathering system is reduced, the same volumetric loss would result in a higher UFG rate. In fact, a lower volumetric loss can still result in an increased UFG rate because there is less gas flowing through the system. The production declined by more than 12.8 BCF since 2017 and by 1.2 BCF or 4% during the latest period, so the decreased production loss has impacted UFG rates. Had the 2025 production stayed at the same rate as it was in 2023, the 2025 loss rate would have been 6.2%. (Peoples Natural Gas Statement No. 5, pp. 5-6.)

102. Peoples began working on its UFG mitigation plan even before it was filed in Docket Nos. R-2018-2645278 and R-2018-3000236. Peoples Natural Gas Exhibit No. 13 is a summary of the specific actions taken since the 2018 plan inception and an update of ongoing activities though the current PGC period. (Peoples Natural Gas Company Statement No. 5, p. 7.)

103. The Company continues to focus on its major gathering systems. Additionally, the Company has installed upgraded measurement on one measuring project and will complete one more project for storage stations for 2026. (Peoples Natural Gas Company Statement No. 5, p. 7.)

104. In addition, Peoples continued its audit process of producer meters and, as a result, found a number of wells that were operating outside of the Company's standards and, in some

cases, contributing to UFG. Peoples worked in each of these cases to have the issues remedied, which in many cases resulted in shutting in the production. This audit process will continue in 2026. (Peoples Natural Gas Company Statement No. 5, p. 8.)

105. In addition, the following activities were performed: (1) expired and removed 121 zero flow production meters; (2) corrected 37 standards issues; and (3) completed 1259 meter service/repair orders. (Peoples Natural Gas Company Statement No. 5, p. 8.)

106. The producers are the primary beneficiaries of the gathering system and should contribute to the costs of the UFG. Through the allocation of some of the gathering system losses to the producers whose gas flows on those systems, the Company will continue to incent the producers to partner with Peoples in developing UFG mitigation initiatives, which has produced a number of cooperative system improvements. Therefore, with UFG being an unavoidable cost component of gathering and delivering local gas, and with both producers and customers benefitting from it, it is appropriate for both producers and customers to pay a portion of the UFG costs. (Peoples Natural Gas Company Statement No. 5, p. 10.)

107. Peoples monitors and participates in various proceedings before FERC as a means of assuring for Peoples' ratepayers the future availability of reasonably priced, reliable gas supplies. (Peoples Natural Gas Company Statement No. 1, pp. 5-6.)

108. Peoples undertakes legal action as necessary to protect the interests of its ratepayers. (Peoples Natural Gas Company Exhibit No. 2; Peoples Natural Gas Company Statement No. 1, pp. 5-7.)

V. STANDARDS, FINDINGS, AND PROPOSED CONCLUSIONS OF LAW

109. The Commission has jurisdiction over the parties and subject matter of this proceeding. 66 Pa.C.S. §§ 1307(f), 1317-18.

110. With respect to Peoples' gas purchases and gas purchasing practices during the 12-month historical reconciliation period ended January 31, 2026, it is requested that the ALJs and the Commission find that Peoples 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. It is requested that the Commission find that during the 12 months ended January 31, 2026:

a. Peoples met the requirements of Section 1318(a) of the Public Utility Code by pursuing a least-cost fuel procurement policy, consistent with its obligations to provide safe, adequate, and reliable service to its customers; and

b. All gas exchanges by Peoples with entities that are considered an affiliated interest have met the requirements of Section 1318(b) of the Public Utility Code relating to purchases from and services provided by entities that are considered affiliates.

111. Peoples has fully and vigorously represented the interests of its ratepayers in proceedings before FERC and other relevant non-Commission proceedings during the relevant time period in compliance with 66 Pa.C.S. § 1318(a)(1).

112. Peoples has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the Company from terms in existing contracts with its gas suppliers which are or may be adverse to the interests of the Company's ratepayers in compliance with 66 Pa.C.S. § 1318(a)(2).

113. Peoples 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 in compliance with 66 Pa.C.S. § 1318(a)(3).

114. Peoples 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 compliance with 66 Pa.C.S. § 1318(a)(4).

115. Peoples has fully and vigorously attempted to obtain less costly gas supplies on both short-term and long-term bases from nonaffiliated interests in compliance with 66 Pa.C.S. § 1318(b)(1).

116. Neither Peoples nor its affiliated interests have withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy in compliance with 66 Pa.C.S. § 1318(b)(3).

117. During the eight-month interim period beginning February 1, 2026, and the projected 12-month period beginning October 1, 2026, when rates contained in this Settlement will be in effect,[3] it is requested that the Commission find, based upon information presently available and based upon evidence of record in this proceeding concerning Peoples' projected purchases and purchasing policies, that the rates to be adopted by the Commission result from Peoples' compliance with the provisions of Section 1318 of the Public Utility Code, including subsections (a)(1)-(4) and (b)(1)-(3). 66 Pa. C.S. § 1318(a)(1)-(4), (b)(1)-(3). It is expressly understood and agreed that this finding is made solely for the purpose of setting prospective rates that shall continue to be subject to the standards of Section 1318 of the Public Utility Code, 66 Pa. C.S. § 1318, and to further review in an appropriate future proceeding. This provision is not intended to limit or prevent the parties from reviewing, after such projected gas purchases actually have been made and gas purchasing practices actually have been implemented, whether Peoples' gas purchases and gas purchasing practices complied with Section 1318. If in an appropriate future

[3] The proposed tariff rates effective October 1, 2026, will be updated to reflect actual and projected over/undercollections through September 30, 2027.

proceeding Peoples' gas purchases and gas purchasing practices from February 1, 2026, through September 30, 2027, were challenged, the Commission's findings based upon this provision shall not bar the examination of such purchases and practices, including, but not limited to, disallowance of or reductions to such costs during the eight-month interim period commencing February 1, 2026, and the 12-month application period commencing October 1, 2026, and ending September 30, 2027.

118. The Joint Petition for Settlement is in the public interest.

VI. **PROPOSED ORDERING PARAGRAPHS**

119. That the Settlement among Peoples Natural Gas Company LLC, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate in the above-captioned case is hereby approved and adopted.

120. That Peoples Natural Gas Company LLC shall file retail and supplier tariff supplements to become effective on October 1, 2026, on not less than one-day's notice of the final Commission order approving the Settlement, containing changes in rates to provide for the recovery of its costs of purchased gas, consistent with the terms and conditions of the Settlement.

121. That Peoples Natural Gas Company LLC, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement, and the Office of Consumer Advocate shall comply with the terms and conditions of the Settlement submitted in this proceeding as though each term and condition stated therein had been subject of an individual ordering paragraph.

122. That upon Peoples Natural Gas Company LLC's filing of tariff supplements acceptable to the Commission as conforming with this order and the Settlement and the

Commission's approval thereof, the purchased gas rates established therein shall become effective for service rendered on and after October 1, 2026.

123. That the complaint filed by the Office of Consumer Advocate in this proceeding at Docket No. C-2026-3060269 be marked closed.

124. That the complaint filed by the Office of Small Business Advocate in this proceeding at Docket No. C-2026-3060885 be marked closed.

125. That the investigation at Docket No. R-2026-3060165 be marked closed.

VII. THE PUBLIC INTEREST

126. This Settlement was achieved by the Joint Petitioners after an extensive investigation of Peoples' filing, including extensive formal discovery and the service of written direct testimony by Peoples.

127. Acceptance of the Settlement avoids the necessity and costs of further administrative and potential appellate proceedings.

128. The Settlement provides for the recovery of natural gas costs that are just and reasonable given the positions advanced in the testimony and exhibits of the various parties.

129. Attached as **Appendices D through F** are Statements in Support submitted by Peoples, I&E, and OCA, setting forth the bases upon which they believe the Settlement is in the public interest.

VIII. CONDITIONS OF SETTLEMENT

130. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Settlement without modification. This Settlement shall become effective on the date on which the Commission enters a final order that adopts the terms and conditions of this Settlement. If the Commission enters a final order that approves this Settlement, but with one or more modifications, this Settlement shall nonetheless become effective unless one

or more of the Joint Petitioners elects to withdraw from the Settlement. Such election to withdraw must be made in writing, filed with the Secretary of the Commission, and served upon all parties within five business days after the entry of an Order modifying the Settlement. In such event, the Settlement shall be void and of no effect.

131. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding, resulting in the establishment of rates that are just and reasonable.

132. This Settlement is proposed by the Joint Petitioners to settle all of their issues in the instant proceeding. If the Commission does not approve the Settlement and the proceedings continue, the Joint Petitioners reserve their respective rights to present additional testimony and to conduct full cross-examination, briefing, and argument. The Settlement is made without any admission against, or prejudice to, any position that any party may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

133. The Joint Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any party's position with respect to any issues raised in this proceeding. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

134. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner which is fair and reasonable. The Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of the Settlement. This Settlement does not preclude the Joint Petitioners from taking

other positions in proceedings of other public utilities under Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f), or any other proceeding.

IX. CONCLUSION

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request that: (1) the Honorable Administrative Law Judges Katrina L. Dunderdale and Ann Quimby recommend approval of and the Commission approve this Settlement, including all terms and conditions thereof without modification, and make the findings contained therein; and (2) the Commission enter a final order approving this Settlement.

Respectfully submitted,

Date: June 12, 2026

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For Peoples Natural Gas Company LLC

Date: 6/11/26

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32591402v1

/s/ Ryan Morden

Date: June 12, 2026

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For Office of Consumer Advocate

Appendix A

Peoples Natural Gas Company LLC					Percent change			Percent change				Percent
RETAIL	Average Annual	Existing	Proposed	Proposed	in propsed	Settlement	Settlement	in settlement	Current	Settlement	Difference	Change
Rate Schedule	Usage (Mcf)	Tariff Rates 1/	Change	Tariff Rates	Rates	Change	Tariff Rates	Rates	Annual Bill	Annual Bill	Annual Bill	Annual Bill
RS	86	$ 14.6377	$ (2.1297)	$ 12.5079	-14.5%	$ -	$ 12.5079	-14.5%	$ 1,466	$ 1,283	$ (183)	-12.5%
SGS	250	$ 11.9429	$ (2.0893)	$ 9.8536	-17.5%	$ -	$ 9.8536	-17.5%	$ 3,258	$ 2,735	$ (522)	-16.0%
MGS	1,750	$ 11.6439	$ (2.0893)	$ 9.5545	-17.9%	$ -	$ 9.5545	-17.9%	$ 21,625	$ 17,968	$ (3,656)	-16.9%
LGS	50,000	$ 10.4671	$ (2.0893)	$ 8.3778	-20.0%	$ -	$ 8.3778	-20.0%	$ 541,454	$ 436,988	$ (104,467)	-19.3%

1/ Peoples Natural Gas net billing rate effective February 12, 2026.

Appendix B

PRO FORMA TO
GAS — PA PUC No. 48

PEOPLES NATURAL GAS COMPANY LLC

RATES AND RULES GOVERNING THE FURNISHING OF NATURAL GAS SERVICE TO RETAIL GAS CUSTOMERS

ISSUED:____________ **EFFECTIVE: ____________**

BY: Michael Huwar
President
375 North Shore Drive
Pittsburgh, PA 15212

NOTICE

1307(f)-2026 ANNUAL GAS COST FILING

This tariff makes changes to existing rates.
(See page 2)

LIST OF CHANGES

RATE CHANGES	Current	Proposed	Increase/ (Decrease)
Rate GS-SB			
Rate RS, SGS, MGS, LGS	$1.8641	$1.4376	$(0.4265)
Rider PGC			
Rate RS, SGS, MGS, LGS, NGPV			
Capacity Charge	$1.8641	$1.4376	$(0.4265)
Gas Cost Adjustment Charge	$0.3471	$0.2548	$(0.0923)
Natural Gas Supply Charge	$5.5107	$3.9473	$(1.5634)
Rider MFC – Merchant Function Charge			
RS	$0.1699	$0.1240	$(0.0459)
SGS, MGS, LGS	$0.0256	$0.0187	$(0.0069)
RS-T	$0.0410	$0.0316	$(0.0094)
Balancing Charges			
SGS, MGS	$0.8300	$0.7555	$(0.0745)
LGS	$0.1740	$0.2432	$0.0692
Retainage Charges	6.5%	6.8%	0.3%

Retail Tariff No. 48 - Clean Version

PEOPLES NATURAL GAS COMPANY LLC

PRO FORMA TO GAS—PA PUC NO. 48
______ REVISED PAGE NO. 3
CANCELLING ______ REVISED PAGE NO. 3

	Rider Purchased Gas Costs Capacity	GCA	Commodity	Base Rate Charges	Rider STAS	Rider MFC	Rider Supplier Choice	Rider USR	Rider GPC	Rider DSIC Charge	Rider TRS	Peoples Natural Gas Customers Total Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12=SUM 1 to 11)
Residential Sales					0.07%					3.57%	-0.6146%	
Customer Charge				$ 16.80			$ 0.0036			$ 0.5998	$ (0.1033)	$ 17.3001
Capacity	$ 1.4376					$ 0.0316						$ 1.4692
Price to Compare - PTC		$ 0.2548	$ 3.9473			$ 0.0924			$ 0.0865			$ 4.3810
Delivery Charge				$ 5.3537				$ 1.0955		$ 0.2378	$ (0.0329)	$ 6.6540
State Tax Surcharge					$ 0.0037							$ 0.0037
Total per MCF						$ 0.1240						$ 12.5079
Small General Service (SGS)												
Customer Charge												
0 to 499 MCF/Yr				$ 22.00			$ 0.0036			$ 0.7854	$ (0.1352)	$ 22.6538
500 to 999 MCF/Yr				$ 44.00			$ 0.0036			$ 1.5708	$ (0.2704)	$ 45.3040
1/ Capacity	$ 0.7555											$ 0.7555
Price to Compare - PTC	$ 0.6821	$ 0.2548	$ 3.9473			$ 0.0187			$ 0.0865			$ 4.9894
Delivery Charge				$ 3.9844						$ 0.1460	$ (0.0245)	$ 4.1059
State Tax Surcharge					$ 0.0028							$ 0.0028
Total per MCF	$ 1.4376											$ 9.8536
Medium General Service (MGS)												
Customer Charge												
1,000 to 2,499 MCF/Yr				$ 101.00						$ 3.6057	$ (0.6207)	$ 103.9850
2,500 to 24,999 MCF/Yr				$ 145.00						$ 5.1765	$ (0.8912)	$ 149.2853
1/ Capacity	$ 0.7555											$ 0.7555
Price to Compare - PTC	$ 0.6821	$ 0.2548	$ 3.9473			$ 0.0187			$ 0.0865			$ 4.9894
Delivery Charge				$ 3.6941						$ 0.1356	$ (0.0227)	$ 3.8070
State Tax Surcharge					$ 0.0026							$ 0.0026
Total per MCF	$ 1.4376											$ 9.5545
Large General Service (LGS)												
Customer Charge												
25,000 to 49,999 MCF/Yr				$ 940.00						$ 33.5580	$ (5.7772)	$ 967.7808
50,000 to 99,999 MCF/Yr				$ 1,465.00						$ 52.3005	$ (9.0039)	$ 1,508.2966
100,000 to 199,999 MCF/Yr				$ 2,130.00						$ 76.0410	$ (13.0910)	$ 2,192.9500
Over 200,000 MCF/Yr				$ 5,630.00						$ 200.9910	$ (34.6020)	$ 5,796.3890
1/ Capacity	$ 0.2432											$ 0.2432
Price to Compare - PTC	$ 1.1944	$ 0.2548	$ 3.9473			$ 0.0187			$ 0.0865			$ 5.5017
Delivery Charge												
25,000 - 49,999 MCF/Yr				$ 2.6360	$ 0.0018					$ 0.0979	$ (0.0162)	$ 2.7195
50,000 - 99,999 MCF/Yr				$ 2.5519	$ 0.0018					$ 0.0949	$ (0.0157)	$ 2.6329
100,000 - 199,999 MCF/Yr				$ 2.4335	$ 0.0017					$ 0.0906	$ (0.0150)	$ 2.5109
200,000 to 749,999 MCF/Yr				$ 2.1937	$ 0.0015					$ 0.0821	$ (0.0135)	$ 2.2638
750,000 to 1,999,999 MCF/Yr				$ 1.9097	$ 0.0013					$ 0.0719	$ (0.0117)	$ 1.9712
Over 2,000,000 MCF/Yr				$ 1.4431	$ 0.0010					$ 0.0553	$ (0.0089)	$ 1.4905
2/ Total per MCF	$ 1.4376											$ 8.4644
Mainline Service (MLS)												
Customer Charge												
Over 500,000 MCF/Yr				$ 5,630.00							$ (34.6020)	$ 5,595.3980
1/ Capacity	$ 0.2432											$ 0.2432
Price to Compare - PTC	$ 1.1944	$ 0.2548	$ 3.9473			$ 0.0187			$ 0.0865			$ 5.5017
Delivery Charge												
PNG transmission line				$ 0.7430	$ 0.0005						$ (0.0046)	$ 0.7390
Interstate pipeline				$ 0.4422	$ 0.0003						$ (0.0027)	$ 0.4398
Total per MCF												$ 6.4839

1/ *The Price-to-Compare format as shown is applicable to a Non-Priority One customer; the Price-to-Compare Charge for a Priority One customer would not include the Capacity Charge.*
See the Residential - Sales section above as an example of Priority One.

2/ *The Total per Mcf displayed for Retail LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.*

3/ *In addition to the above listed rates the Weather Normalization Adjustment applies during October through May billing months.*

4/ *The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.*

ISSUED: **Effective:**

PEOPLES NATURAL GAS COMPANY LLC

PRO FORMA TO GAS—PA PUC NO. 48
______ REVISED PAGE NO. 4
CANCELLING _______ REVISED PAGE NO. 4

	Base Rate Charges (1)	Rider STAS (2)	Rider MFC (3)	Rider USR (4)	Gas Costs Capacity (5)	Balancing Charge (6)	Rider Supplier Choice (7)	Rider DSIC Charge (8)	Rider TRS (9)	Peoples Natural Gas Customers Total Rate (10=SUM 1 to 9)
Rate GS-T Residential		0.07%						3.57%	-0.6146%	
Customer Charge	$ 16.8000						$ 0.0036	$ 0.5998	$ (0.1033)	$ 17.3001
Capacity			$ 0.0316		$ 1.4376					$ 1.4692
Delivery Charge	$ 5.3537			$ 1.0955				$ 0.2314	$ (0.0329)	$ 6.6477
State Tax Surcharge		$ 0.0037								$ 0.0037
Total per MCF										$ 8.1206
Rate GS-Transportation SGS										
Customer Charge										
0 to 499 MCF/Yr	$ 22.0000						$ 0.0036	$ 0.7854	$ (0.1352)	$ 22.6538
500 to 999 MCF/Yr	$ 44.0000						$ 0.0036	$ 1.5708	$ (0.2704)	$ 45.3040
1/ Capacity/BB&A						$ 0.7555				$ 0.7555
Delivery Charge	$ 3.9844							$ 0.1422	$ (0.0245)	$ 4.1022
State Tax Surcharge		$ 0.0028								$ 0.0028
Total per MCF										$ 4.8604
Rate GS-Transportation MGS										
Customer Charge										
1,000 to 2,499 MCF/Yr	$ 101.0000							$ 3.6057	$ (0.6207)	$ 103.9850
2,500 to 24,999 MCF/Yr	$ 145.0000							$ 5.1765	$ (0.8912)	$ 149.2853
1/ Capacity/BB&A						$ 0.7555				$ 0.7555
Delivery Charge	$ 3.6941							$ 0.1319	$ (0.0227)	$ 3.8033
State Tax Surcharge		$ 0.0026								$ 0.0026
Total per MCF										$ 4.5614
Rate GS-Transportation LGS										
Customer Charge										
25,000 to 49,999 MCF/Yr	$ 940.0000							$ 33.5580	$ (5.7772)	$ 967.7808
50,000 to 99,999 MCF/Yr	$ 1,465.0000							$ 52.3005	$ (9.0039)	$ 1,508.2966
100,000 to 199,999 MCF/Yr	$ 2,130.0000							$ 76.0410	$ (13.0910)	$ 2,192.9500
Over 200,000 MCF/Yr	$ 5,630.0000							$ 200.9910	$ (34.6020)	$ 5,796.3890
1/ Capacity/BB&A						$ 0.2432				$ 0.2432
Delivery Charge										
25,000 - 49,999 MCF/Yr	$ 2.6360	$ 0.0018						$ 0.0941	$ (0.0162)	$ 2.7157
50,000 - 99,999 MCF/Yr	$ 2.5519	$ 0.0018						$ 0.0911	$ (0.0157)	$ 2.6291
100,000 - 199,999 MCF/Yr	$ 2.4335	$ 0.0017						$ 0.0869	$ (0.0150)	$ 2.5071
200,000 to 749,999 MCF/Yr	$ 2.1937	$ 0.0015						$ 0.0783	$ (0.0135)	$ 2.2601
750,000 to 1,999,999 MCF/Yr	$ 1.9097	$ 0.0013						$ 0.0682	$ (0.0117)	$ 1.9675
Over 2,000,000 MCF/Yr	$ 1.4431	$ 0.0010						$ 0.0515	$ (0.0089)	$ 1.4868
2/ Total per MCF										$ 2.9589
Mainline Service (MLS)										
Customer Charge										
Over 500,000 MCF/Yr	$ 5,630.0000								$ (34.6020)	$ 5,595.3980
1/ Capacity/BB&A						$ 0.2432				$ 0.2432
Delivery Charge										
Delivery Charge										
PNG transmission line	$ 0.7430	$ 0.0005							$ (0.0046)	$ 0.7390
Interstate pipeline	$ 0.4422	$ 0.0003							$ (0.0027)	$ 0.4398
Total per MCF										$ 0.9822

1/ The Capacity Charge applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the Balancing Charge.
2/ The Total per Mcf displayed for Transport LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.
3/ In addition to the above listed rates the Weather Normalization Adjustment applies during October through May billing months.
4/ The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.

ISSUED: **Effective:**

RATE GS-T
GENERAL SERVICE - TRANSPORTATION

RULES AND DELIVERY TERMS (Continued)

2) All standby volumes contracted for the month by the customer.

Transportation customers whose nominated daily volume are received in whole by the Company shall not be affected by the provisions in this subparagraph No. 8.

At least six hours prior to the beginning of an "upset day," the utility will provide notice to any one of three persons designated by the customer. After contact is attempted by the Company with the three persons designated by the customer, the Company will be deemed to have satisfied its notice obligations.

(9) Unless otherwise agreed under paragraph (17) below, the Company will arrange its utilization of available capacity by endeavoring to fairly accommodate, to the extent practicable, the interests of its retail and transportation customers.

a. Available System Capacity for Transportation Service: Capacity for the transportation of customer-owned gas is available on the Company's system to the same extent as capacity is available for the general system supplies that the Company acquires for its retail customers, except where operational constraints may require otherwise. Those operational constraints can include the safety of persons or property and the displacement of locally produced or purchased retail gas supplies.

b. Actual Unavailability of or Restrictions on Capacity: In the event that capacity on the Company's system either is unavailable for the transportation of customer-owned gas or is available but restricted, the Company will provide its transportation customer or the customer's designated representative with a written explanation of why capacity is unavailable or restricted and the steps examined by the Company to alleviate the unavailability or restriction. Where capacity is restricted, the Company will allocate capacity to its transportation customers without regard to the sources of the customers' natural gas supplies.

c. Anticipated Unavailability of or Restrictions on Capacity: Whenever the Company anticipates that an extraordinary activity or occurrence will make capacity either unavailable or available but restricted, the Company will provide written notice to Pennsylvania producers, as early as possible, of the specific portions of the Company's system on which capacity may be unavailable or available but restricted and of the length of time that the unavailability or restriction likely will last.

(10) As soon as practical after the customer learns of any disruption or interruption in its supply of gas, the customer shall notify the Company.

(11) The measurements at the point of receipt and delivery shall be the responsibility of the Company. All quantities of gas received, transported, and delivered shall be expressed in terms of "Mcf." A customer's gas received by the Company in Btus will be converted to Mcf using the current applicable conversion factor as determined annually in the Company's 1307(f) proceeding.

(12) The Company shall retain 6.8 percent of the total volume of gas received into its system on behalf of all customers as gas used in Company operations and for unaccounted-for gas under Transportation Agreements that have been or are entered into pursuant to this rate, except in the following circumstances, where the Company may exercise its discretion to waive retainage in conjunction with a positive cost/benefit analysis: **(I)**

(I)- Indicates Increase.

RATE GS-SB
GENERAL SERVICE - STANDBY

AVAILABILITY

This service is available to transportation service customers served under Rate GS-T and/or customers who need or use the Company as backup service to service from an alternate supplier.

RULES AND DELIVERY TERMS

Priority-One Transportation Customers
Priority One customers must pay for standby service through a transportation standby charge applicable to all volumes transported under Rate Schedule GS-T. Backup service for Priority-One customers shall be provided pursuant to the applicable retail rate schedules.

Non-Priority-One Transportation Customers
The customer may execute a Standby Contract for a specified monthly volume. The term of the Standby Contract will be a minimum period of not less than one year. Customers that execute a Standby Contract will pay for standby service through a capacity charge applicable to contracted for monthly volumes and through a standby commodity charge applicable to all standby volumes actually purchased under Rate Schedule GS-SB.

Back-up Standby Service
If a customer is using the Company as back-up service to service from an alternative supplier, the Company shall charge the customer the standby service fees set forth in the rate table below. The Company reserves the right to determine when and the level to which a customer is using the Company as a backup supplier. In situations where the alternative supply is from local well production and before the Company provides backup standby service under the terms of this rate schedule, the Company shall have the right to inspect the pipeline and related facilities of the customer and require that the customer install, at its own expense, any necessary equipment to protect the integrity and safe operation of the Company's system.

RATE TABLE

Capacity Charges Applicable under the Rate Schedule:

RS Capacity Charge per Mcf	$1.4376	**(D)**
SGS Capacity Charge per Mcf	$1.4376	**(D)**
MGS Capacity Charge per Mcf	$1.4376	**(D)**
LGS Capacity Charge per Mcf	$1.4376	**(D)**

Standby Charges for Priority One Transportation Customers

For customers that pay the capacity charge, the Company may release pipeline capacity, the terms of which will be pursuant to the capacity-release terms of the Company's Supplier tariff and this rate schedule.

Priority-One customers who take service under this rate schedule, or their agents, must take assignment of a pro-rata or other agreed upon share of the pipeline and storage capacity and Pennsylvania produced gas supplies ("assigned capacity") that would otherwise be utilized by the Company to meet the customer's service requirements. Assigned capacity shall be subject to recall pursuant to the conditions described in the Company's Supplier Tariff, in which case the Company will provide for the delivery of necessary gas supplies pursuant to the terms of this rate schedule. More specific terms with respect to capacity assignment requirements may be set forth in the Company's Supplier Tariff and in its contracts with Priority One NGSs. However, such additional terms with respect to capacity assignment requirements shall be subject to review in the Company's annual Section 1307(f) proceeding.

(D) – Indicates decrease.

Appendix C

PRO FORMA TO
Gas - PA PUC No. S-4

PEOPLES NATURAL GAS COMPANY LLC

RATES AND RULES
GOVERNING THE
FURNISHING OF
SERVICE TO
NATURAL GAS
SUPPLIERS

ISSUED: ____________ **EFFECTIVE: ____________**

By: Michael Huwar
President
375 North Shore Drive
Pittsburgh, PA 15212

NOTICE

1307(f)-2026 ANNUAL GAS COST FILING

LIST OF CHANGES

Page	Page Description	Revision Description
33	Rate LGA – Aggregation Balancing	Update cashout methodology

RATE LGA
LOCAL GAS AGGREGATION SERVICE

AVAILABILITY

Service under this rate schedule is available to any Aggregator who has entered into a Local Gas Aggregation Agreement with the Company and demonstrates to the Company's satisfaction that it has met the Company's creditworthiness standards and bonding requirements.

The locally produced gas nominated out of the Local Gas Aggregation Pool will be balanced monthly with actual production delivered into the Company's system.

RULES AND CONDITIONS

1. **Points of Receipt**
   The points of receipt for local gas aggregation shall be those metering stations identified by the Aggregator in its Measurement Operating Agreement with the Company or any other designated point where gas is delivered into the Company's system. The Aggregator will pay for any investment costs required to receive gas into the Company's system at agreed-upon transportation gas receipt points. The Company will own and maintain each natural gas connection's tapping tee or pipe and valve.

2. **Nomination of Aggregated Production**

   Refer to Rule 11 of the Rules and Regulations.

3. **Aggregation Balancing**

   Volumes nominated into a Local Gas Aggregation Pool shall equal the volumes delivered out of the Local Gas Aggregation Pool. Aggregators will not be permitted to deliver more gas out of the pool than is nominated into the pool in any given month. If daily volumes nominated into a Local Gas Aggregation Pool are greater than the daily volumes delivered out of the Local Gas Aggregation Pool, those volumes shall be sold to the Company at lowest Midpoint price published in Platts, Gas Daily publication, under the heading Appalachia, Eastern South for the month multiplied by 85%.

4. **Procedures When a Local Gas Aggregator Exits the System**

   Refer to Rule 11, part (c).

Appendix D

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission Office of Small Business Advocate Office of Consumer Advocate	:	
v.	:	Docket Nos. R-2026-3060165, *et al.*
Peoples Natural Gas Company LLC	:	

PEOPLES NATURAL GAS COMPANY LLC'S
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT

I. INTRODUCTION

Peoples Natural Gas Company LLC ("Peoples" or the "Company") hereby files this Statement in Support of the Joint Petition for Settlement ("Settlement") entered into by Peoples, the Pennsylvania Public Utility Commission's ("Commission") Bureau of Investigation and Enforcement ("I&E") and the Office of Consumer Advocate ("OCA"), in the above-captioned Purchased Gas Cost ("PGC") proceeding.[1] Peoples respectfully requests that Administrative Law Judges Katrina L. Dunderdale and Ann Quimby (the "ALJs") recommend approval of, and the Commission approve, the Settlement, including the terms and conditions thereof, without modification.

The Settlement, if approved, will resolve all of the issues raised by the Joint Petitioners in this proceeding, including whether Peoples' historic natural gas costs were incurred and projected natural gas costs will be incurred under a least cost fuel procurement policy. The Settlement

[1] The Office of Small Business Advocate ("OSBA") has indicated that it does not oppose the Settlement.

provides benefits to customers and is in the public interest. Therefore, it should be approved without modification.

The Settlement was achieved only after an investigation of Peoples' natural gas procurement policies and operations. In addition to a comprehensive filing, Peoples responded to numerous formal discovery requests (many of which had multiple subparts). In support of their positions, Peoples served direct testimony and accompanying exhibits. Additionally, the Joint Petitioners participated in settlement discussions, which ultimately led to the Settlement.

Finally, the Joint Petitioners, as well as their experts and counsel, have considerable experience in PGC proceedings. Their knowledge, experience, and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong foundation for building consensus on all settled issues.

For these reasons and the reasons set forth below, the Settlement is just and reasonable, and Peoples' 2026 1307(f) filing, as modified by the Settlement, should be approved.

II. LEGAL STANDARD

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231(a). Settlements reduce the time and expense that the parties must expend litigating a case and, at the same time, conserve administrative resources. The Commission has stated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. *See* 52 Pa. Code § 69.401. To accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.,* Docket No. R-00049165 (Order Entered Oct. 4, 2004); *Pa. PUC v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991). As explained herein, the terms of the Settlement are in the public interest and should be adopted without modification.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

The Settlement reflects a carefully-balanced compromise of the interests of all of the Joint Petitioners while producing just and reasonable gas cost rates.

A. WAGNER ADJUSTMENT

In this proceeding, the Company explained that it was a defendant in a lawsuit that involved a dispute over the Company's payment for natural gas from a local producer. (Peoples St. No. 1, p. 8.) In 2017, the Court of Common Pleas of Indiana County, PA ruled that Peoples breached its contract with the producer by treating the "Posted Price" under the contract as a "Fixed Price." On appeal, the Superior Court upheld the trial court as to breach of contract but also remanded the case back to the Trial Court to award damages. This matter was initially presented before the Commission in the Company's 2025 1307(f) proceeding at Docket No. R-2025-3053184. (*Id.*) In the 2025 1307(f) proceeding, it was agreed upon in settlement that Peoples would be permitted to include up to $665,183 of the awarded damages incurred by the Company in its e-factor or recovery when the amount of the awarded damages and payment date was determined. (Peoples Natural Gas Company Statement No. 1, p. 9.) Peoples also retained the right to propose to recover additional damages in future 1307(f) proceedings. (*Id.*) This settlement provision was approved without modification as a part of the Joint Petition for Settlement in the 2025 1307(f) proceeding.

The Company reached a final and unappealable resolution of the Wagner matter, and the final amount that Peoples paid in the Wagner case totaled $1,100,000. (*Id.*) The difference between this final amount and the amount of $665,183 approved for recovery in the 2025 1307(f) proceeding is $434,817. The Settlement provides that Peoples will be permitted to include the remaining balance of $434,817 of the damages incurred by the Company in the Company's e-factor for recovery beginning October 1, 2026. (Settlement ¶ 27.)

No party challenged this recovery, nor presented testimony on the subject. As such, the Settlement provision on this point constitutes an unopposed proposal that was fully supported by Peoples in its main filing. (*Id*.)

This Settlement provision is in the public interest and should be approved. During the term covered by the lawsuit, customers paid less for gas than what the Trial Court determined that they should pay. The Company will soon be required to pay the producer for under-payments as determined by the Trial Court. It is appropriate for PGC customers to pay this amount because PGC customers received lower costs than they otherwise would have paid during the under-payment period.

Additionally, it is common practice in PGC proceedings to make prior period adjustments to gas costs. In Peoples' 2020 PGC proceeding, the Commission required the Company to refund certain gas costs going back to 2015 pursuant to an Audit Report. *Pa. P.U.C. v. Peoples Natural Gas Company, LLC,* Docket No. R-2020-3017850 et al, Order entered September 17, 2020. The Commission's Order was upheld in a non-reported Commonwealth Court Order dated April 13, 2022, at 1024 C.D. 2020. In another prior PGC proceeding, the Commission approved a Settlement that revised the Company's storage valuation methodology, effective as of 2020. *PA PUC v. Peoples Natural Gas Company, LLC,* Docket Nos. R-2024-3045945, Order approving settlement entered September 12, 2024.

B. CUSTOMER RETAINAGE RATES

As part of its main filing, Peoples proposed that its stand-alone tariffed retainage rate for all classes except for rate MLS customers be 6.8%, effective October 1, 2026. (Peoples Natural Gas Company Statement No. 1, p. 7.) No party challenged this calculation of retainage rates, nor presented testimony on the subject. As such, the Settlement provision on this point constitutes an unopposed proposal that was fully supported by Peoples in its main filing. (Settlement ¶ 28.) Peoples respectfully submits that this Settlement provision is just and reasonable and should be approved without modification.

The Settlement provides that Peoples' Rate MLS retainage rate remains unchanged. (Settlement ¶ 29.) No party disagreed with the Company's proposal, nor presented testimony on the subject. As such, the Settlement provision on this point represents an unopposed proposal that was fully supported by Peoples in its main filing. (*Id.*) Peoples respectfully submits that this Settlement provision is just and reasonable and should be approved without modification.

C. PRODUCER RETAINAGE RATES

In the Company's main filing, Company witness Scott Orkis presented testimony regarding retainage recovery on the Goodwin system and retainage recovery generally. (*See* Peoples Natural Gas Company Statement No. 5.) Mr. Orkis explained that the producer retainage rate, which became effective on October 1, 2025, should remain at 2.61% for all conventional production entering Peoples' system. (Peoples Natural Gas Company Statement No. 5, p. 10.) Similarly, Mr. Orkis explained that the retainage rate for the Company's Goodwin system is forecasted to be 28.8% as of October 2026. (Peoples Natural Gas Company Statement No. 5, pp. 11-12.) Mr. Orkis also explained that:

> Peoples has also committed to reviewing the actual loss rate at 6-month intervals. Since most of the construction work on the system is completed during late summer, we do not expect to see the full impacts of such construction to be reflected in the rolling twelve-month loss rate until some time has passed. Also, since little additional work is completed during the winter, the rate is likely to remain relatively stable until the next construction cycle is completed and sufficient time has passed for the results to be fully reflected in the UFG calculation.

(Peoples Natural Gas Company Statement. No. 5, p. 12.)

No party to this proceeding took issue with or presented any testimony responsive to Peoples' proposal related to producer retainage rates, which, as noted above, were fully explained and supported through the direct testimony of Mr. Orkis. The producer retainage Settlement provisions are just and reasonable as they memorialize the Company's unopposed proposal(s) related to producer retainage rates. (Settlement ¶¶ 30-31.) As such, this Settlement provision should be approved without modification.

D. UNACCOUNTED FOR GAS ("UFG")

In his direct testimony, Company witness Scott Orkis explained that the Company's overall system UFG amount was 6.2 Bcf, resulting in an overall system loss rate of 4.23%. (Peoples Natural Gas Company Statement No. 5, p. 3.) This figure represented a 12% decrease from what the Company's UFG volume was in 2019. (*Id.*) Further, Mr. Orkis explained that the two main components of the Company's overall UFG are Distribution UFG and Gathering UFG:

> Distribution UFG for the last reporting period is 4.14 Bcf which results in a loss rate of 2.9 % which is right at the Commission's targeted loss rate for Distribution UFG. . .
> The Gathering UFG for the 2025 reporting period is 2.0 Bcf[2] and equates to a loss rate of 6.88%, down from 9.83% in 2017 when the Company began its most recent mitigation plan focusing on gathering loss.

(Peoples Natural Gas Company Statement No. 5, p. 4.)

Mr. Orkis explained that the Company has seen less and less production delivered into its lines in recent years due to normal production declines and decreased new drilling within the Company's system. (Peoples Natural Gas Company Statement No. 5, p. 5.) Indeed, production declined by 1.2 BCF or 4.0% during the relevant PGC period. (Peoples Natural Gas Company

[2] This includes the impact of producer retainage.

Statement No. 5, pp. 5-6.) Had the 2025 production stayed at the same rate as it was in 2023, the 2025 loss rate would have been 6.2%. (Peoples Natural Gas Company Statement No. 5, p. 6.) Mr. Orkis also detailed the success and specific accomplishments of the UFG mitigation plan, including:

- Expired and removed 121 Zero flow production meters;
- Corrected 37 standards issues; and
- Conducted 1259 Meter Service/Repair Orders.

(Peoples Natural Gas Company Statement No. 5, p. 8.)

No party took issue with or presented testimony on the Company's UFG figures for the reporting period, the revised UFG report, or the Company's plans on the direction for UFG mitigation efforts in future years. This Settlement acknowledges that Peoples' distribution UFG percentage for the twelve-month period ending August 31, 2025, is in compliance with the Commission's regulations at 52 Pa. Code § 59.111(c)(1). (Settlement ¶ 32.) This Settlement provision is reasonable and in the public interest and should be approved without modification.

E. MISCELLANEOUS

The Miscellaneous portion of the Settlement memorializes various Settlement terms contained in the Company's 2026 definitive PGC filing that were unopposed by the various parties to this proceeding. Specifically, this portion of the Settlement observes that: (1) Peoples Rate SGS/MGS balancing charge shall be $0.7555/Mcf, and Peoples Rate LGS balancing charge shall be $0.2432/Mcf (Settlement ¶ 33); (2) the overrun and OFO charges incurred and included in this filing were prudently incurred and in compliance with the least cost gas standard (Settlement ¶ 34); (3) except as revised by the Settlement, the proposed rates and other requested approvals contained in the Peoples' 2026 PGC filing should be approved (Settlement ¶ 35); (4) the costs presented by Peoples in Exhibit 6 as a result of the natural gas demand during Winter Storm Fern were prudently incurred and in compliance with the least cost gas standard (Settlement ¶ 36); (5) the Peoples Natural Gas compliance filing in this proceeding will reflect updated actual and projected over/under collections through September 30, 2027, in accordance with the provisions of 52 Pa. Code § 53.64(i)(5) (Settlement ¶ 37); (6) the parties agree that the Commission should approve the renewals and changes in gas supply, pipeline, and storage capacity contracts that are explained in Peoples Natural Gas Company Statement No. 2 and related exhibits included in the 1307(f)-2026 definitive filing. (Settlement ¶ 38.)

No party opposed or presented testimony on any of the Settlement provisions noted above, and these provisions merely signify the Joint Petitioners' agreement with various items included within the Company's definitive filing. As such, Peoples respectfully submits that these provisions are just and reasonable and should be approved without modification by the Commission.

IV. CONCLUSION

Through cooperative efforts and the open exchange of information, the Joint Petitioners have arrived at a Settlement that resolves all of the issues in the proceeding in a fair and equitable manner. The Settlement is the result of detailed examination of Peoples' natural gas procurement practices through numerous discovery responses, testimony and accompanying exhibits, followed by the presentation of counter-positions on some issues, and then settlement negotiations. A fair and reasonable compromise has been achieved in this case on these issues, as is evident by the fact that all active parties have agreed to the resolution of all of the issues in this proceeding.

Based on the foregoing, and as set forth in the Joint Petition for Settlement, Peoples respectfully requests that Your Honors and the Commission make all the findings required under 66 Pa. C.S. § 1318 with regard to its gas purchases and gas purchasing practices for the 12-month period ending January 31, 2026, find the rates proposed in the Joint Petition for Settlement to be just and reasonable, and approve the Joint Petition for Settlement without modification.

Respectfully submitted,

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Anthony D. Kanagy (ID # 85522)
Hayley E. Wilburn (ID # 336055)
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For Peoples Natural Gas Company LLC

Of Counsel:

Post & Schell, P.C.

Dated: June 12, 2026

Appendix E

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2026-3060165
	:	
Peoples Natural Gas Company LLC – 1307(f)	:	

BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT OF
SECTION 1307(f) RATES INVESTIGATION

TO: ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE AND ADMINISTRATIVE LAW JUDGE ANN QUIMBY:

The Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), by and through Prosecutor Scott B. Granger, hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Settlement of Section 1307(f) Rate Investigation ("Joint Petition" or "Settlement") are in the public interest and represent a fair, just, and reasonable balance of the interests of Peoples Natural Gas Company LLC ("Peoples Gas" or "Peoples" or "PNG" or "Company"), I&E, the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA") (parties in the above-captioned proceeding and hereinafter collectively referred to as the "Parties"), and the PNG customers.

I. BACKGROUND

I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding benefits the public interest and to ensure that the public interest is served. Based upon I&E's analysis of PNG's 2026 Section 1307(f) purchased gas costs ("PGC") filing, acceptance of this proposed Settlement is in the public interest and I&E recommends that Administrative Law Judges Katrina L. Dunderdale and Ann Quimby ("the ALJs") and the Commission approve the Settlement in its entirety.

1. On January 30, 2026, Peoples Gas submitted information related to purchases from an affiliated interest that is required pursuant to 52 Pa. Code 53.65 to be filed 60 days prior to the filing of a tariff under 66 Pa. C.S.A. Section 1307(f), purchased gas costs.

2. On February 3, 2026, the Office of Consumer Advocate ("OCA") filed its Formal Complaint and Public Statement.

3. On February 6, 2026, the Office of Small Business Advocate ("OSBA") filed its Notice of Appearance.

4. On March 2, 2026, Peoples submitted its 30-day PGC pre-filing pursuant to 52 Pa. Code, Sections 53.64 and 53.65, to be filed before Section 1307(f) tariff filings for changes in rates for recovery of purchased gas costs.

5. On March 9, 2026, I&E filed its Notice of Appearance.

6. On May 22, 2025, I&E filed a Notice of Appearance in this proceeding.

7. On April 1, 2026, Peoples filed its direct testimony, exhibits, and Pro Forma Tariff Supplement.

8. On April 13, 2026, the ALJs presided over a telephonic prehearing conference, during which the Parties agreed to a schedule for the conduct of the case including the service of testimony among the parties and the dates for evidentiary hearings. As no evidence of the need for public input hearings was presented nor a request for one made, none was scheduled or held.

9. All of the Parties undertook thorough discovery in this proceeding. I&E commenced discovery shortly after the filing was made and continued to conduct discovery throughout the proceeding.

10. I&E's technical staff of engineers and financial analysts conducted a full investigation and analyzed PNG's PGC filing in its entirety.

11. After a full and complete analysis of the as-filed required data, written testimony, and all exhibits filed by Peoples, <u>I&E did not file direct, rebuttal, or surrebuttal testimony in this proceeding.</u>

12. <u>The PNG filing was largely unopposed.</u>

13. In accordance with Commission policy favoring settlements at 52 Pa. Code § 5.231, I&E participated in telephonic settlement discussions with the Company and the other Parties to the proceeding. As a result of Peoples' filing being unopposed, the Parties in this proceeding reached a full and complete Settlement of all issues.

14. The evidentiary hearing, which was scheduled for May 18, 2026 was cancelled.

II. TERMS OF SETTLEMENT

15. "The prime determinant in the consideration of a proposed Settlement is whether the settlement is in the public interest."[1] The Commission has recognized that a settlement "reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest."[2]

16. I&E submits that the Settlement in the instant proceeding balances the interests of the Company, its customers, and the Parties in a fair and equitable manner and presents a resolution for the Commission's adoption that best serves the public interest. Accordingly, for the specific reasons articulated below to achieve the full scope of benefits addressed in the Settlement, I&E requests that the Settlement be recommended by the ALJs and approved by the Commission, without modification.

17. The Joint Petitioners agree that:

A. Wagner Adjustment (Joint Petition ¶ 27).

Peoples will be permitted to include the remaining balance of $434,817 of the damages incurred by the Company in the Company's e-factor for recovery beginning October 1, 2026.

B. Customer Retainage Rates (Joint Petition ¶¶ 28-29).

Peoples' stand-alone tariffed retainage rate for all classes, except for Rate MLS customers, effective October 1, 2026 shall be 6.8%.

Peoples' Rate MLS retainage rate remains unchanged.

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1 *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).
2 *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

C. Producer Retainage Rates (Joint Petition ¶¶ 30-31).

Peoples' producer retainage rate will continue to be 2.61% for all conventional production effective October 1, 2026.

The retainage rate for the Goodwin system shall be 28.8% for the period of October 1, 2026 to September 30, 2027.

D. Unaccounted for Gas ("UFG") (Joint Petition ¶ 32).

The Parties acknowledge that Peoples' distribution UFG percentage for the twelve-month period ending August 31, 2025, is in compliance with the Commission's regulations at 52 Pa. Code § 59.111(c)(1).

E. Miscellaneous (Joint Petition ¶¶ 33-38).

Peoples Rate SGS/MGS balancing charge shall be $0.7555/Mcf, and Peoples Rate LGS balancing charge shall be $0.2432/Mcf.

The overrun and OFO charges incurred and included in this filing were prudently incurred and in compliance with the least cost gas standard.

Except as revised by this Settlement, the proposed rates and other requested approvals contained in the Peoples Natural Gas' 2026 PGC filing should be approved. The Joint Petitioners agree that Peoples may reserve the right to include unopposed proposals in the Settlement provisions.

The costs presented by Peoples in Exhibit 6 as a result of the natural gas demand during Winter Storm Fern, were prudently incurred and in compliance with the least cost gas standard.

In accordance with the provisions of 52 Pa. Code § 53.64(i)(5), the Peoples Natural Gas compliance filing in this proceeding will reflect updated actual and projected over/under collections through September 30, 2026.

The parties agree that the Commission should approve the renewals and changes in gas supply, pipeline, and storage capacity contracts that are explained in Peoples Natural Gas Statement No. 2 and related exhibits included in the 1307(f)-2026 definitive filing.

III. RATE IMPACT OF SETTLEMENT

Pursuant to a request from the ALJ's the following information is provided in the Joint Petition for Peoples' Residential ("RS"), Small General Service ("SGS"), Medium General Service ("MGS"), and Large General Service ("LGS") rate classes:

1. Average annual usage in Mcf;
2. Existing or current tariff rates;
3. Proposed gas cost;
4. Percent change between existing and proposed gas cost;
5. Settled-upon gas cost;
6. Percent change between existing and settled-upon gas cost;
7. Current annual bill;
8. Proposed annual bill as-filed; and
9. Annual bill as settled-upon.

Consistent with discussions held during the prehearing conference, information on the rate impact of settlement has been included in the Joint Petition as referenced below:

A. RATE RS

See Joint Petition paragraphs 43 through 47.

B. RATE SGS

See Joint Petition paragraphs 48 through 52.

C. RATE MGS

See Joint Petition paragraphs 53 through 57.

D. RATE LGS

See Joint Petition paragraphs 58 through 62.

Finally, as stated above, I&E technical staff fully analyzed the Company's complete filing. After completing its analysis, I&E chose to not submit any testimony in this proceeding. Further, no other party in this proceeding submitted testimony. Therefore I&E supports the Settlement as it provides regulatory certainty and a resolution of this proceeding, all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest.

IV. PROPOSED FINDINGS OF FACT (Joint Petition ¶¶ 63–108).

See Joint Petition at paragraphs 63 through 108.

V. STANDARDS AND FINDINGS (Joint Petition ¶¶ 109-118).

This proceeding involves Commission review pursuant to Sections 1307 and 1318 of the Public Utility Code. Under Section 1307(f), the Commission must determine what portion of the gas costs Peoples Gas may recover for a previous 12-month period under the standards set forth in Section 1318. In addition, the Commission must determine whether the requirements of Section 1318 can be met.

A. Historic Reconciliation Period (Joint Petition ¶ 110).

In the Settlement, with respect to PNG's gas purchases and gas purchasing practices during the 12-month historic reconciliation period ending January 31, 2026, the Joint Petitioners agree that PNG has met the standards set forth in Section 1318 of the Public Utility Code, as required by Section 1307(f)(5) of the Public Utility Code. As a result, the Joint Petitioners request that the Commission find, pursuant to Section 1307(f)(5) of the Public Utility Code, and based upon the evidence presented by the Joint Petitioners in this case, that during the 12-month period ended January 31, 2026, PNG has pursued a least-cost fuel procurement policy, consistent with its obligation to provide safe, adequate and reliable service to its customers, as required by Section 1318 of the Public Utility Code.

I&E technical staff fully analyzed the Company's filing, including all testimony and exhibits. After completing its analysis, I&E chose to not submit any testimony in this proceeding. I&E supports this settlement term as it provides regulatory certainty and a resolution of the issues; all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest.

B. Interim and Projected Period (Joint Petition ¶ 117).

In the Settlement, with respect to the eight-month interim period beginning February 1, 2026 and the projected 12-month period beginning October 1, 2026, the period of time during which the proposed rates would be in effect, the Joint Petitioners agree and request the Commission find that PNG Gas has satisfied each of the standards for a least cost procurement policy set forth in Section 1318 of the Public Utility Code, including the standards set forth in Sections 1318(a)(1), 1318(a)(2), 1318(a)(3), 1318(a)(4), 1318(b)(1), 1318(b)(2), and 1318(b)(3), based upon the evidence of record in this proceeding. Nevertheless, it is expressly understood and agreed that such findings are made solely for the purpose of setting prospective rates and shall be subject to further review in an appropriate future proceeding. Further, this Section of the Settlement is not intended to limit or prevent any party from challenging projected gas purchases that actually have been made, including those made during the interim period and future gas purchasing practices that have been implemented, or from reviewing whether these gas purchases and gas purchasing practices have, in fact, complied with the standards of Section 1318, except as provided in Section II of the Joint Petition.

Also, the Joint Petitioners agree that future examination of the gas costs to determine whether PNG's experienced and projected gas purchases and gas purchasing practices complied with the standards set forth in Section 1318 of the Public Utility Code, 66 Pa. C.S. § 1318, shall be permitted and that the Commission's adoption of the findings of this Settlement shall not be construed to limit or prevent any disallowance or reduction of such costs, except as provided in Section II of the Joint Petition.

VI. PROPOSED ORDERING PARAGRAPHS (Joint Petition ¶¶ 119-125).

See Joint Petition at paragraphs 119 through 124.

VII. THE PUBLIC INTEREST (Joint Petition ¶¶ 126-129).

18. I&E represents that all issues raised in testimony have been satisfactorily resolved through discovery and negotiations with the Company or are incorporated or considered in the resolution proposed in the Settlement. The very nature of a settlement requires compromise on the part of all parties. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. The Parties have carefully discussed and negotiated all issues raised in this proceeding, and specifically those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this Section 1307(f) filing complete.

19. I&E further submits that the acceptance of this Settlement negates the need for evidentiary hearings, which would compel the extensive devotion of time and expense for the preparation, presentation, and cross-examination of multiple witnesses, the preparation of Main and Reply Briefs, the preparation of Exceptions and Replies, and the potential of filed appeals, all yielding substantial savings for all parties and ultimately all customers. Moreover, the Settlement provides regulatory certainty with respect to the disposition of issues and final resolution of this case which all the Parties agree benefits their discrete interests and is in the public interest.

VIII. CONDITIONS OF SETTLEMENT (Joint Petition ¶¶ 130 through 134).

20. The Settlement is conditioned upon the Commission's approval of all terms without modification. Should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by the Company, I&E, or any other Party.

21. This Settlement is being presented only in the context of this Section 1307(f) proceeding to resolve certain outstanding issues in a manner that is fair and reasonable. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event the Settlement is rejected by the Commission or otherwise properly withdrawn by any other Parties to the Settlement. Furthermore, the Settlement reflects compromises on all sides, and is presented without prejudice to the positions that any of the parties may advance in future PNG proceedings on the merits of the issues.

22. If the ALJ recommends that the Commission adopt the Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E does not waive its right to file Replies to Exceptions with respect to any modifications to the terms and conditions of the Settlement or any additional matters that may be proposed by the ALJ in his Recommended Decision. Further, I&E does not waive the right to file Replies in the event any other party files Exceptions.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement of Section 1307(f) Rates Investigation as being in the public interest and respectfully requests that Administrative

Law Judges Katrina L. Dunderdale and Ann Quimby recommend, and the Commission approves, the terms and conditions contained in the Settlement without modification.

Respectfully submitted,

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Dated: June 12, 2026

Appendix F

APPENDIX F

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2026-3060165, *et al.*
	:	
Peoples Natural Gas Company LLC	:	
	:	
	:	
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STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF SETTLEMENT

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Settlement of Peoples Natural Gas Company, LLC, (Peoples or the Company) Purchased Gas Cost (PGC) proceeding (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

On January 30, 2026, Peoples Natural Gas Company LLC, (Peoples or the Company) submitted its 60-day purchased gas cost (PGC) pre-filing pursuant to 52 Pa. Code Sections 53.64 and 53.65.

The Company's filing was assigned to the Office of Administrative Law Judge (OALJ) and further assigned to Administrative Law Judges (ALJs) Katrina Dunderdale and Ann Quimby for investigation and scheduling of hearings to determine whether Peoples' purchased gas costs comply with the standards set forth in the Public Utility Code.

On February 3, 2026, the OCA filed a Formal Complaint and Public Statement. On February 6, 2026, the Office of Small Business Advocate (OSBA) filed a Notice of Appearance.

On March 2, 2026, Peoples submitted its 30-day purchased gas cost (PGC) pre-filing pursuant to 52 Pa. Code Sections 53.64 and 53.65.

On March 5, 2026, OSBA filed a Formal Complaint and Public Statement. On March 9, 2026, the Commission's Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance. On March 25, 2026, Peoples filed a Notice of Entry of Appearance.

On March 30, 2026, ALJ Dunderdale sent e-mail correspondence to counsel in this proceeding, directing the parties to plan for a prehearing conference at 9:00 AM on April 13, 2026. Also on March 30, 2026, the ALJs issued an Order setting the date and time for the Prehearing Conference. On April 1, 2026, the Company submitted its definitive filing pursuant to Section 1307(f) of the Public Utility Code. 66 Pa. C.S. § 1307(f).

On April 13, 2026, the ALJs conducted the prehearing conference on, with the following parties present and represented by counsel: Peoples, I&E, OCA and OSBA. The OCA issued four sets of discovery during the course of this proceeding. Following good faith negotiations, on May 6, 2026, the Peoples informed the ALJs that the Joint Petitioners (OCA, Peoples, I&E, and OSBA) 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

Following the OCA's review of Peoples' filing and discovery responses, the OCA did not identify issues that would require the OCA to submit testimony in this proceeding. In reaching its determination to settle, the OCA examined several aspects of the Company's filing discussed in further detail below.

A. The Wagner Adjustment (Settlement ¶ 27)

In Peoples' previous 2025-26 PGC proceeding, the Company requested recovery of anticipated damages to settle a civil dispute. *Pa. PUC v. Peoples Natural Gas Company, LLC.*, Docket No. R-2025-3053184, Recommended Decision at 44-45 (July 7, 2025) (*Peoples 2025-26 PGC R.D.*). This was described as the "Wagner matter." *Id*. In that proceeding, the OCA disagreed with the Company's proposed cost recovery of anticipated damages as they were speculative. *Id*. ALJ Katrina L. Dunderdale served as the presiding officer during Peoples' 2025-2026 PGC proceeding and in her Recommended Decision summarized the matter as follows:

> It should be noted the Settlement references an ongoing legal dispute that involves Peoples and an entity not involved in this proceeding. The trial court therein had determined previously that Peoples breached a contract with a producer when Peoples paid a lesser amount than the contract required or indicated. All of the parties herein agree that the higher price Peoples should have paid would have been included in prior PGC proceedings if identified earlier. Accordingly, the Joint Petitioners agree that the amount to be paid by Peoples will be an appropriate gas cost to be paid by Peoples' customers. At issue is the exact amount Peoples will have to pay and the specific date when Peoples will have to pay the amount to the producer. After discussions, Peoples agreed with OCA's proposal that the amount to be paid should not be included in the PGC until the exact amount has been determined by the trial court.

> Accordingly, Peoples will not include the amount it will pay (referred to in the Settlement as the Wagner Adjustment) in the PGC until the trial court makes its rulings and after the rulings in the Indiana County Lawsuit have become final and unappealable. After that finalization occurs, Peoples will be permitted to make a period adjustment to the PGC that includes the court-directed damage payment (up to $665,183). In addition, any additional damages or interest payments the trial court may order to be paid (over and above the sum of $665,183 or some other damage remedy) can be proposed by Peoples for recovery in future PGC proceedings. However, the Joint Petitioners agree – and the presiding officer recommends the Commission approve – that Peoples will not make any adjustment until after a final and unappealable decision in the Indiana County Lawsuit. If the trial court's decision is appealed for any reason, Peoples cannot make a period adjustment until after all proceedings are concluded and a final judgment has been entered in the Indiana County Lawsuit.

Id.

As noted in the Recommended Decision, the parties to that case agreed to authorize recovery of up to $665,183 pending three conditions precedent: 1) the dispute came to a final and unappealable resolution; 2) the amount of awarded damages needed to be determined; and 3) the payment date for awarded damages needed to be determined. *Id*. The Commission adopted the Recommended Decision without modification. *Pa. PUC v. Peoples Natural Gas Company, LLC.*, Docket No. R-2025-3053184, Order (August 14, 2025).

Company witness Scanlon testified that the Company reached a final and unappealable resolution regarding the Wagner matter. Peoples St. 1 at 9. The Company factored in the agreed upon amount of $665,183 and adjusted its quarterly rate effective April 1, 2026, for inclusion of this amount. *Id*. However, the total settlement reached in that case was $1.1 million. *Id*. Therefore, the Company proposed to collect the difference between the amount authorized settlement and the remainder, which equals $434,817. *Id*.

This calculation meets the criteria set forth by the settlement agreement from Peoples' 2025-2026 PGC proceeding, therefore the Joint Petitioners agreed to include the difference between the authorized amount and the final settlement amount through the e-factor in this proceeding. Settlement ¶27. Allowing Peoples to incorporate the awarded damages in a subsequent e-factor filing is reasonable because the e-factor is a mechanism that allows a gas utility to true-up its costs as they relate to purchased gas. *Pa. PUC, et al. v. National Fuel Gas Distribution Co.*, Docket Nos. R-2013-2341534, *et al*., Order at Fn. 3 (July 16, 2013). Furthermore, as explained by the Recommended Decision in Peoples' previous 1307(f) proceeding, this amount is what Peoples should have paid in prior PGC proceedings. *Peoples 2025-26 PGC R.D.* at 45-46. The parties in Peoples' 2025-26 PGC and the instant proceeding worked together to maintain that all calculations in the Company's PGC filing are just and reasonable. *See Peoples 2025-26 PGC R.D.*

B. Customer Retainage Rates (Settlement ¶¶ 28-29)

In its April 1, 2026, definitive filing, Peoples proposed retainage rates for all customer classes, except Mainline Service (MLS) customers, of 6.8%. Peoples St. 5 at 4. In the same filing, the Company proposed a producer retainage rate of 2.61%. Peoples St. 5 at 10. In discovery, OCA witness Mierzwa investigated how retainage rates are determined, how they are recovered, and looked at the overall reasonableness and accuracy of this aspect of the filing. OCA Prehearing Memorandum at 3. The Joint Petitioners agreed to accept the Company's as-filed retainage rates. Settlement ¶¶ 28-31. Producer Retainage Rates (Settlement ¶¶ 30-31)

The OCA's discussion of producer retainage rates is addressed in subsection B above.

C. Unaccounted for Gas (UFG) (Settlement ¶ 32)

Mr. Mierzwa reviewed Peoples lost-and-unaccounted-for gas quantities as a percentage of total throughput for the period January 2024 to present, and on an annual percentage for each month from January 2025 to present. The Joint Petitioners agreed to the following: "The Parties acknowledge that Peoples' distribution UFG percentage for the twelve-month period ending

August 31, 2025, is in compliance with the Commission's regulations at 52 Pa. Code § 59.111(c)(1)." Settlement ¶ 32.

D. Miscellaneous (Settlement ¶¶ 33-38)

OCA witness Mierzwa conducted extensive review of Peoples' PGC 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 Memorandum at 2-3. OCA witness Mierzwa reviewed the workpapers, calculations and supporting documentation used to develop Peoples' 2026-27 PGC filing. Mr. Mierzwa determined that there were no significant issues with Peoples' annual filing or the underlying workpapers, calculations, and supporting documentation that necessitated filing testimony and as such, the OCA supports Settlement paragraphs 33-38. Settlement ¶¶ 33-38. The OCA submits there is sufficient evidence in the record to make the findings required by Section 1318 of the Public Utility Code, including that the Company is pursuing a least cost fuel procurement policy during the relevant time period consistent with the obligation to provide safe, adequate and reliable service to customers in compliance with Sections 1318 and 1307(f). 66 Pa.C.S. §§ 1318; 1307(f).

IV. CONCLUSION

The Office of Consumer Advocate submits that the terms of the Settlement are in the public interest and in the interest of Peoples' ratepayers. Based on the above reasons, the Office of Consumer Advocate submits that the Commission should approve the proposed Settlement.

Respectfully Submitted,

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Dated: June 12, 2026