COMMONWEALTH OF PENNSYLVANIA

June 22, 2026

E-FILED

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v. National Fuel Gas Distribution Corporation / Docket No. R-2025-3059428

Dear Secretary Homsher:

Enclosed please find the Main Brief and Exhibits, on behalf of the Office of Small Business Advocate ("OSBA"), in the above-referenced proceeding.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Rebecca Lyttle

Rebecca Lyttle
Assistant Small Business Advocate
Attorney ID No. 201399

Enclosures
cc: Justin Farr
Parties of Record

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:
	: **Docket No. R-2025-3059428**
v.	:
	:
National Fuel Gas Distribution Corporation	:
	:

MAIN BRIEF
ON BEHALF OF THE
OFFICE OF SMALL BUSINESS ADVOCATE

Rebecca Lyttle
Assistant Small Business Advocate
Attorney I.D. No. 201399

For:
NazAarah Sabree
Small Business Advocate

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Date: June 22, 2026

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I. INTRODUCTION

The Office of Small Business Advocate ("OSBA") is authorized and directed by the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50, to represent the interests of Small Business consumers of utility services in matters before the Pennsylvania Public Utility Commission ("Commission").

National Fuel Gas Distribution Corporation ("NFG", "National Fuel", or the "Company") filed Supplement No. 294 to Gas Tariff – PA. P.U.C. No. 9 ("Supplement No. 294") on January 28, 2026. Supplement No. 294, if approved by the Commission, would provide the Company with a general rate increase of $19.7 million per year. In addition, NFG is proposing to make its weather normalization adjustment ("WNA") mechanism permanent.

NFG has approximately 15,109 Small Businesses, out of this number, approximately 10,358 accounts classify as small commercial lower limit.[1] Out of the 15,109 Small Business accounts, in the last three years, approximately 1624 to 2375 accounts were late on their payments each month.[2] In the last three years, approximately 2 to 53 accounts were disconnected or had service terminated, each month, due to late payment or non-payment.[3]

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[1] Exhibit OSBA-1. National Fuel answer to OSBA I-3 Interrogatory.
[2] Exhibit OSBA-2. National Fuel answer to OSBA I-4 Interrogatory, Attachment OSBA-I-01.4.
[3] Exhibit OSBA-3. National Fuel answer to OSBA I-5 Interrogatory, Attachment OSBA-I-01.5.

The absence of comment on my part regarding a particular issue or revenue requirement item does not signify support for (or opposition to) the Company's filing with respect to that issue.

A. PROCEDURAL HISTORY

On January 28, 2026, National Fuel filed Supplement No. 294 to National Fuel Gas Distribution Corporation Gas Tariff – PA P.U.C. No. 9 ("Supplement No. 294") with the Commission.

The Office of Small Business Advocate ("OSBA"), Commission's Bureau of Investigation and Enforcement ("I&E"), Office of Consumer Advocate ("OCA"), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") filed Notices of Appearance. The OSBA and OCA filed Formal Complaints. CAUSE PA and the Pennsylvania Weatherization Providers Task Force ("Providers Task Force") filed Petitions to Intervene.

On February 19, 2026, the Commission issued an Order initiating an investigation of Supplement No. 294 and suspending Supplement No. 294 by operation of law until October 29, 2026, unless otherwise directed by order of the Commission.

A telephonic prehearing conference was held on February 26, 2026.

In accordance with the procedural schedule, the Parties' Direct Testimony was served on April 16, 2026. Some of the Parties filed Written Rebuttal Testimony on May 12, 2026, Surrebuttal Testimony on May 27, 202 and Written Rejoinder Testimony on June 1, 2026.

On June 2, 2026, hearings were held for the cross examination of certain witnesses for National Fuel, I&E, and OCA, and the admission of the testimony into the record.

B. LEGAL STANDARDS

Section 1301 of the Public Utility Code, provides that "every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable, and in conformity with regulations or orders of the commission.[4]"

The burden of proof to establish the justness and reasonableness of every element of the utility's rate increase rests solely upon the public utility.[5] "It is well-established that the evidence adduced by a utility to meet this burden must be substantial.[6]"

II. SUMMARY OF ARGUMENT

The OSBA recommends the following:

1. Adjust National Fuel's salaries and wages to reflect staffing levels for the most recent 12-month period for which information is available (February 2025 – January 2026), rather than the projected increase proposed by the Company. This adjustment results in a revenue requirement reduction of approximately $525,364 relative to the Company's filed case.

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[4] 66 Pa. C.S. § 1301(a).
[5] 66 Pa. C.S. § 315(a).
[6] *Lower Frederick Township. v. Pa. PUC*, 409 A.2d 505, 507 (Pa. Cmwlth. 1980).

2. Disallow the portion of National Fuel's stock-based compensation that is tied to financial performance. This adjustment results in a revenue requirement reduction of approximately $1,517,718 relative to the Company's filed case.

3. Disallow Customer Payment Transaction costs.

4. Disallow Membership Dues costs.

5. Deny National Fuel's request for a 25-basis point Management Premium that has been proposed as an adder to the Company's requested base Return on Equity ("ROE"). This adjustment results in a revenue requirement reduction of approximately $1,191,103 relative to the Company's filed case.

6. Deny NFG's recommended ROE. The median approved ROE for companies in the Company's proxy group is 9.75%. A ROE results in a revenue requirement reduction of approximately $5,560,798 relative to the Company's filed case.

7. Instruct National Fuel to include in its proposal an energy efficiency program for non-residential customers, especially for Small Business consumers.

8. Recommend that NFG incorporate Small Businesses in its Neighbor For Neighbor Grant.

If OSBA recommendations are adopted by the commission, it will result in reducing the revenue requirement by $8.8 million compared to the $19.7 million increase proposed by National Fuel.[7]

III. OVERALL POSITION ON RATE CASE

The OSBA opposes the Company's proposed revenue increase of $19.7 million and submits that a substantially lower increase of no more than $10.8 million (after a reduction of $8.8 million) is just and reasonable. The Company's request places an excessive burden on Pennsylvania's Small Businesses consumers, many of which continue to face rising costs for labor, supplies, insurance, rent, and utilities. Unlike larger corporations, Small Businesses have limited ability to absorb additional operating expenses and often cannot pass increased utility costs on to their customers without risking lost sales and reduced competitiveness.

The evidence in this proceeding demonstrates that the Company's requested increase exceeds what is necessary to provide safe and reliable service. Approving an inflated revenue requirement would impose unnecessary rate shock on Small Business customers who are already struggling with persistent economic pressures. The Commission must balance the Company's need for adequate revenues with its statutory obligation to ensure rates remain just, reasonable, and affordable. The OSBA therefore respectfully requests that the Commission reject the Company's proposed $19.7 million increase and adopt an increase not exceeding $10.8 million, which more appropriately protects Small

[7] Direct Testimony of OSBA, Justin Farr, p.6, Table JBF-1.

Business customers while allowing the Company a reasonable opportunity to recover prudent costs and earn a fair return.

IV. RATE BASE

OSBA Has No Comment.

V. OPERATING SALES AND REVENUES

OSBA Has No Comment.

VI. OPERATING EXPENSES

A. COMPANY'S CLAIMED O&M EXPENSES

OSBA Has No Comment.

B. RATE CASE EXPENSE

OSBA Has No Comment.

C. INCENTIVE COMPENSATION EXPENSE

OSBA Requests That The Commission Deny Any Incentive-Based Awards Based Upon Financial Performance.

National Fuel implemented an Annual Cash Bonus Program. This incentive-based compensation is only paid if certain organizational goals are achieved during each fiscal year. In addition, National Fuel offers a stock-based compensation program, in the form of time-vested restricted stock.[8] With a small exception of stock shares issued for Environmental, Social, and Governance ("ESG") criteria, "all performance shares are based on financial results."

[8] National Fuel Statement No. 4, Direct Testimony of Valerie L. Hawthorn Wagner, p.p. 13-14.

It is not appropriate to award incentives for programs tied to financial performance. The responsibility for funding such awards rests most appropriately with shareholders. OSBA revenue requirement adjustment removes the FPFTY stock-based compensation expense, less the 5% portion of the stock-based compensation expense that the Company identified as being issued historically from December 2022 – December 2024 based on ESG criteria.[9] This adjustment would reduce the revenue requirement by $1,517,718 in FPFTY 2027.

D. PAYROLL EXPENSE AND RELATED

OSBA Requests That The Commission Reduce The Company's Additional (17) Budgeted Employees By 9.6 Employees.

Starting with the actual headcount of 436 employees as of 9/30/2025, the Company added 17 budgeted employees for the Future Test Year ("FTY") and another six (6) positions for the FPFTY, for a total of 450 and 459 employees, respectively.[10] Recognizing that normal vacancies occur because of terminations and retirements, the Company reduced the budgeted headcount by nine (9) employees in both the FTY and FPFTY. As a result of this adjustment, the Company assumes 444 employees in FTY and 450 employees in FPFTY in its derivation of future Labor Expense.

[9] Direct Testimony of OSBA, Justin Farr, p. 6, Table JBF-1.
[10] Supplemental Data Request, Question No. RR-20, NFG Respondent: Formato, p. 1 of 1.

OSBA recommends adjusting National Fuel's salaries and wages to reflect the staffing level for this most recent 12-month period for which information is available because National Fuel has consistently reported actual employee counts below its budgeted staffing levels.[11] During the last 12 months for which data has been provided, National Fuel averaged 440.3 FTE's, which is approximately ten less FTE's than the Company is requesting to include in its revenue requirement.[12]

This adjustment simply maintains labor expenses to be recovered through customer rates at a realistic level. Customers should not be required to pay rates based on an employee count that exceeds the Company's most recent actual experience. As reported in Table JBF-1[13], this adjustment would reduce the revenue requirement by $525,364 in FPFTY 2027.

E. MEMBERSHIP DUES EXPENSE

OSBA Requests The Commission Deny Membership Dues Expenses.

The Commission should deny recovery of the Company's membership dues because such expenses do not directly contribute to the provision of safe, adequate, and reliable utility service.

Membership of trade associations and industry organizations often provide benefits that are promotional, lobby-related, or otherwise primarily advantageous to

[11] Direct Testimony of OSBA, Justin Farr, p.7, Chart.
[12] Direct Testimony of OSBA, Justin Farr, p. 13, Table JBF-2.
[13] Direct Testimony of OSBA, Justin Farr, p.6, Table JBF-1.

the Company and its shareholders rather than ratepayers. Small Business consumers should not be required to fund costs that are not necessary for utility operations. Accordingly, these expenses should be excluded from rates to ensure that customers pay only for costs that are prudent, reasonable, and directly related to providing utility service.

F. CUSTOMER PAYMENT TRANSACTION COSTS

OSBA Requests That The Commission Deny Customer Payment Transaction Costs.

The Commission should disallow recovery of customer payment transaction costs to the extent those costs arise from the Company's chosen methods of collecting payments and conducting its business operations.

Such expenses are administrative and discretionary in nature and should be managed efficiently by the Company rather than automatically passed on to customers. Allowing recovery of these costs reduces the company's incentive to control expenses and shifts ordinary business risks onto ratepayers. At a time when Small Businesses are struggling with rising costs, customers should not be required to bear additional charges that are not essential to the provision of safe and reliable utility service.

G. DEPRECIATION EXPENSE

OSBA Has No Comment.

H. OTHER EXPENSE ADJUSTMENTS

OSBA Has No Comment.

VII. TAXES

OSBA Has No Comment.

VIII. RATE OF RETURN

A. INTRODUCTION

National Fuel witness Joshua C. Nowak recommends a ROE of 11.25%. Mr. Nowak's recommended ROE is comprised of a base ROE of 11.00% and a 25-basis point premium for exceptional management performance and efficiency[14] and a capital structure consisting of 56.4% common equity and 43.6% debt[15] and a capital structure consisting of 56.4% common equity and 43.6% debt.[16]

B. CAPITAL STRUCTURE

OSBA Has No Comment.

C. DEBT COST RATE

OSBA Has No Comment.

D. RETURN ON COMMON EQUITY

OSBA Requests That The Commission Reject National Fuel's Proposed Base ROE Of 11.00%, and Decrease It To 9.75%.

National Fuel's recommended base ROE of 11.00% is high compared to the authorized ROE's from recent rate cases for the companies of similar risk included in his proxy group. Mr. Nowack's proxy group includes seven companies that were included in the proxy group because they "possess a set of business and

[14] National Fuel Statement No. 10, Direct Testimony of Joshua C. Nowak, p.p. 3-4.
[15] National Fuel Statement No. 10, Direct Testimony of Joshua C. Nowak, p. 55.
[16] National Fuel Statement No. 10, Direct Testimony of Joshua C. Nowak, p. 55.

operating characteristics similar to the Company's (National Fuel's) natural gas utility operations, and thus provide a reasonable basis for estimating the Company's ROE"[17] based upon screening criteria that "reflect key risk factors that investors consider in making investments in natural gas utilities.[18]"

Please refer to OSBA Direct Testimony Table JBF-2[19] which shows both the utility requested ROE's and commission authorized ROE's approved for subsidiaries of the companies in the proxy group since 2022, as reported by S&P Capital IQ. The median requested ROE for the proxy group was 10.85% and the median approved ROE for the proxy group was 9.75%. National Fuel's proposed base ROE of 11.00% is 125 basis points above the median approved ROE for the proxy group.

The proxy group and the barometer group, used by the Bureau of Technical Utility Services, are very similar. The barometer group includes all the utilities in the proxy group plus Chesapeake Utilities Corporation. When Chesapeake is added to the proxy the median authorized ROE is 9.73%. When the sample size is expanded to include all natural gas distribution rate cases completed since January 1, 2022, the median authorized ROE drops to 9.65%, indicating a lower level or risk compared to companies included in the NFG proxy group. Please refer to

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[17] National Fuel Statement No. 10, Direct Testimony of Joshua C. Nowak, p. 23.
[18] National Fuel Statement No. 10, Direct Testimony of Joshua C. Nowak, p. 27.
[19] Direct Testimony of OSBA, Justin Farr, p. 13, Table JBF-2.

Exhibit JBF-6[20] for a list of all dockets included in the calculation of a median 9.65%.

The revenue requirement impact of setting National Fuel's allowed ROE equal to 9.75%, the median ROE for the proxy group, reduces the Company's revenue requirement by approximately $5,560,798 relative to the Company's filed case. This adjustment is incremental to the OSBA adjustment to remove the proposed 25 basis point management ROE premium explained below. The impact is included in OSBA's recommended revenue requirement located in JBF-5.[21]

E. MANAGEMENT PERFORMANCE

OSBA Requests That The Commission Reject NFG's 25-Basis Point Premium.

The OSBA does not support the proposed 25-basis point management premium. The Company's justification for the management premium relies on qualitative assertions regarding its performance across several areas, including safety, customer service, and operational efficiency. However, the Company does not establish:

- Objective criteria for what constitute "exceptional" management;
- A benchmark for comparison to peers; or
- A quantifiable linkage between those attributes and a specific 25-basis point increment.

[20] Direct Testimony of OSBA, Justin Farr, Exhibit JBF-6.
[21] Direct Testimony of OSBA, Justin Farr, Exhibit JBF-5.

Without clearly defined and measurable standards, the proposed premium is inherently subjective. This lack of rigor makes it unsuitable for inclusion in the determination of just and reasonable rates. Good management performance is not a separate risk factor warranting an additional premium return, it is the standard expectation embedded in the regulatory compact. Disallowing the 25-basis point management premium would reduce the revenue requirement by $1,191,103 in FPFTY 2027.[22] This adjustment is shown in Exhibit JBF-4.[23]

F. CONCLUSION AS TO RATE OF RETURN

When compared with companies deemed to be of similar risk, National Fuel's recommended ROE is 125 basis points higher. A more reasonable ROE would be closer to the median.

IX. RATE DESIGN, REVENUE ALOCATION, AND CLASS COST OF SERVICE

A. ALLOCATED CLASS COST OF SERVICE STUDY

The company used special cost studies to allocate meters, services, and regulators.[24] The OSBA finds that National Fuel's cost allocation methods, as described by Mr. Taylor, align with cost causation principles. Accordingly, the OSBA does not recommend any changes to the Company's cost allocation methods in this case.

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[22] Direct Testimony of OSBA, Justin Farr, Exhibit JBF-4.
[23] Direct Testimony of OSBA, Justin Farr, Exhibit JBF-4.
[24] National Fuel Statement No. 19, Direct Testimony of John D. Taylor, p. 12.

B. REVENUE ALLOCATION

The OSBA Does Not Recommend Any Changes.

The Company recommends an approach in which class rate increases are guided by the results of the Class Cost of Service study, but without moving all classes to fully-cost-based rates in the interest of gradualism. This applies to the SCPA-LL and SCPA-UL classes. And for all other classes with revenue-to-cost parity ratios above 1.5, the Company proposes an increase of .67 times the system increase, which recovers the Company's remaining requested increase. This applies to the LCPA, SVIS, IVIS, LVIS, and LIS classes.[25]

The Company's revenue allocation proposal reasonably balances moving class revenue recovery in the direction of cost causation, while adhering to the principle of gradualism. The OSBA finds that the proposed revenue allocation falls within the range of reasonableness.

C. RATE DESIGN

1. SUMMARY OF PROPOSED RATE DESIGN

OSBA Has No Comment.

2. RESIDENTIAL RATE DESIGN

OSBA Has No Comment.

3. NON-RESIDENTIAL RATE DESIGN

OSBA Has No Comment.

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[25] National Fuel Statement No. 19, Direct Testimony of John D. Taylor, p. 21.

D. SCALE BACK

Please See "Summary And Alternatives" Below.

E. OPEB CREDIT

OSBA Has No Comment.

F. SUMMARY AND ALTERNATIVES

To the extent the Commission does approve a revenue requirement that is lower than National Fuel's request, OSBA recommends that the Company's revenue allocation be used to establish each rate classes percentage share of the final base revenue requirement. Specifically, each customer classes base rate revenue requirement should be adjusted by an equal percentage to recover the final approved revenue requirement. Table JBF-3[26] shows each classes rate increase that would result from incorporating the Company's proposed revenue allocation methodology and OSBA recommended adjustments to the proposed revenue requirement.

X. WNA

The OSBA Would Support The Program Be Continued as a Pilot.

XI. ENERGY EFFICIENCY PILOT

OSBA Requests That The Commission Recommend That The Energy Efficiency Pilot Program Include Small Business Customers And Be Paid Through Shareholder Funds.

National Fuel proposes implementing an EE program over a five-year period beginning in October 2026. The proposed program currently will only provide rebate

[26] Direct Testimony of OSBA, Justin Farr, p. 18, JBF-3.

incentives to residential customers to encourage the installation of high-efficiency natural gas space heating, water heating, and clothes drying appliances.

Natural Fuel's New York division has been running an EE program for over 17 years.[27] It is OSBA's understanding that the Company's EE program in NY includes both residential and non-residential programs.[28] The non-residential program in New York provides rebates for replacing specified appliances with new, energy efficient models.

Small Business customers should have access to the same energy efficiency programs available to residential customers because they face many of the same affordability challenges. Rising natural gas costs affect restaurants, retail stores, salons, small manufacturers, and other local businesses that often operate on thin margins. Unlike large commercial and industrial customers, small businesses frequently lack the capital needed to invest in energy-saving equipment without utility assistance. Extending residential-style energy efficiency programs to Small Businesses would help reduce monthly utility bills, improve competitiveness, and allow these businesses to devote more resources to employees, wages, and customer service.

Providing energy efficiency incentives to Small Businesses also benefits all customers by reducing overall system demand and lowering the need for costly infrastructure investments. Energy savings achieved by Small Businesses can be substantial when multiplied across thousands of customers. Since Small Businesses are often the economic backbone of local communities, helping them control energy costs

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[27] National Fuel Statement No. 18, Direct Testimony of Erik M. Solomon, p. 4.
[28] See https://www.nationalfuel.com/utility/energy-efficiency-rebate-program/

supports job retention, economic development, and community stability. For these reasons, limiting energy efficiency programs solely to residential customers creates an inequitable result and misses an important opportunity to deliver meaningful savings to a significant segment of the utility's customer base.

NFG shareholders contribute to the Neighbor for Neighbor residential hardship fund. OSBA requests that the Company shareholders also contribute to programs to help Small Businesses.

OSBA recommends that National Fuel include in its proposal an energy efficiency program for non-residential customers based upon the Company's experience running the non-residential program in New York.

XII. UNIVERSAL SERVICE

A. CUSTOMER ASSISTANCE PROGRAM

OSBA Has No Comment.

B. LOW INCOME USAGE REDUCTION PROGRAM

OSBA Has No Comment.

C. NEIGHBOR FOR NEIGHBOR HARDSHIP FUND

OSBA Requests That The Company Incorporate Language To Allow Small Business Customers To Receive This Grant.

The Neighbor-to-Neighbor Grant Program provides direct financial assistance to customers experiencing financial hardship who are struggling to pay their utility bills. The program helps customers maintain or restore essential utility service by providing grants that can be used toward outstanding balances and, in some cases, reconnection costs necessary to reestablish service. The program serves as an important safety net for customers facing temporary financial challenges and helps prevent service disruptions.

While the program currently focuses on residential customers, many Small Businesses face similar financial hardships. Small Businesses often operate on thin margins and can be significantly impacted by rising utility costs, economic downturns, or unexpected expenses. A service termination can be particularly devastating, resulting in lost revenue, disrupted operations, and potential job losses. Expanding eligibility for the Neighbor-to-Neighbor Grant Program to include qualifying Small Businesses would provide critical assistance with overdue utility bills and reconnection costs, helping businesses restore service, remain operational, and continue serving their communities. Including Small Businesses in the program would promote equitable access to assistance and recognize the important role these businesses play in supporting local economies and employment.

XIII. CUSTOMER/QUALITY OF SERVICE ISSUES

OSBA Has No Comment.

XIV. MISCELLANEOUS/OTHER ISSUES

OSBA Has No Comment.

XV. CONCLUSION

The Office of Small Business Advocate respectfully submits that for all the reasons presented in OSBA Main Brief, National Fuel has not met its burden of proof as the record evidence presented by NFG did not substantiate a revenue increase of $19.7

million. Instead, based on the weight of the record evidence, Your Honor and the Commission should only grant National Fuel Gas the OSBA recommended revenue increase of no more than $10,800,000 million in accordance with the record evidence presented by OSBA and summarized in OSBA Main Brief and the appended OSBA Tables.

/s/ Rebecca Lyttle
Rebecca Lyttle
Assistant Small Business Advocate
Attorney ID No. 201399

For:
NazAarah Sabree
Small Business Advocate

Commonwealth of Pennsylvania
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA 17101

Dated: June 22, 2026

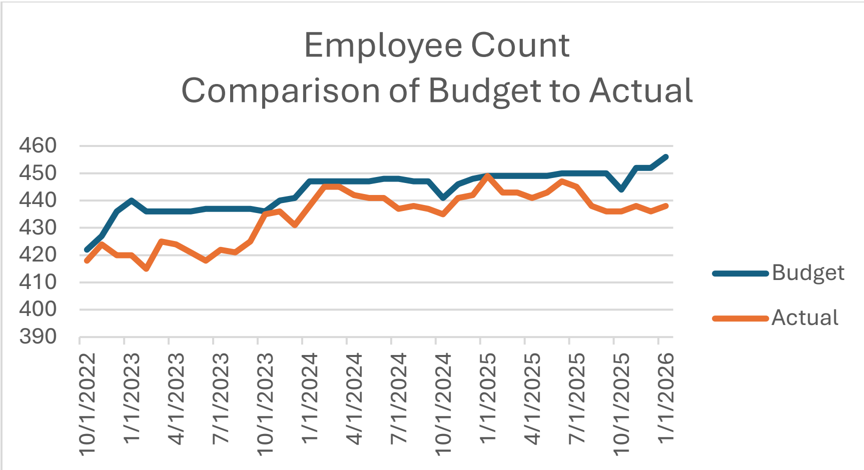
APPENDIX A

Summary Tables of Position and Adjustments

Table JBF-1[1]
Summary of OSBA Adjustments to National Fuel's Revenue Requirement

Adjustment Description	Adjustment Amount ($000s)	Increase Amount ($000s)
National Fuel Requested Non-Fuel Revenue Increase		$19,680
Expense Adjustments		
Employee Count	($525)	$19,155
Stock-based Compensation	($1,518)	$17,637
Capital Structure		
Management Premium	($1,191)	$16,446
Proxy Return on Equity	($5,561)	$10,885
Total Adjustments	($8,795)	
Adjusted Revenue Requirement Increase		$10,885

[1] Direct Testimony of OSBA, Justin Farr, pg. 6



[2]

[2] Direct Testimony of OSBA, Justin Farr, pg. 7

Table JBF-2[3]
Survey of Approved ROE's for Natural Gas Distribution Companies in National Fuel's Proxy Group Between January 1, 2022 & March 26, 2026

Docket Number	Utility Name	State	Decision Type	Rate Case Completion Date	Requested ROE	Authorized ROE
D-OS-25-00028202	Texas Gas Service Company, Inc.	TX	Settled	2/5/2026	10.40%	9.80%
D-R-2025-3053499	Columbia Gas of Pennsylvania, Inc.	PA	Fully Litigated	12/4/2025	11.35%	10.00%
D-2025-UN-59	Atmos Energy Corporation	MS	Fully Litigated	11/4/2025	10.41%	9.40%
D-UG-520	Northwest Natural Gas Company	OR	Settled	10/24/2025	10.40%	9.50%
C-2024-00276	Atmos Energy Corporation	KY	Fully Litigated	8/11/2025	10.95%	9.75%
D-OS-24-00019196	Atmos Energy Corporation	TX	Settled	6/17/2025	10.85%	9.80%
C-9754	Columbia Gas of Maryland, Incorporated	MD	Fully Litigated	4/22/2025	11.05%	9.80%
C-2024-00092	Columbia Gas of Kentucky, Incorporated	KY	Settled	12/30/2024	10.80%	9.75%
D-GR24010071	New Jersey Natural Gas Company	NJ	Settled	11/21/2024	10.42%	9.60%
D-U-36658	Atmos Energy Corporation	LA	Settled	5/13/2024	Not Provided	9.80%
D-22AL-0348G	Atmos Energy Corporation	CO	Settled	5/4/2023	10.95%	9.30%
C-21-0637-GA-AIR	Columbia Gas of Ohio, Inc.	OH	Settled	1/26/2023	10.95%	9.60%
D-18328 (2022)	Spire Alabama Inc.	AL	Settled	9/30/2022	Not Provided	9.70%
				Mean	10.78%	9.68%
				Median	**10.85%**	**9.75%**

[3] Direct Testimony of OSBA, Justin Farr, pg. 13

Table JBF-3[4]
% Increase in Base Rates by Customer Class

	National Fuel Request		OSBA Adjustments	
Rate Class	**Base Rate Increase ($)**	**Base Rate Increase (%)**	**Base Rate Increase ($)**	**Base Rate Increase (%)**
Residential	$ 15,403,535	15.8%	$ 9,229,006	9.5%
Total Residential	15,403,535	15.8%	9,229,006	9.5%
SCPA<250	882,692	12.9%	460,975	6.8%
SCPA>250	904,611	12.9%	472,422	6.8%
LCPA	1,341,863	9.6%	506,912	3.6%
NGV	20,763	15.8%	12,440	9.5%
SVIS	42,813	9.6%	16,173	3.6%
IVIS	566,965	9.6%	214,181	3.6%
LVIS	263,427	9.6%	99,514	3.6%
LIS	238,351	9.6%	90,041	3.6%
LIS Negotiated	(68,334)	-2.3%	(225,851)	-7.7%
Total Commercial and Industrial	4,193,151	9.9%	1,646,808	3.9%
Other Operating Revenue	83,817	6.6%	9,507	0.7%
Total Pennsylvania Retail	**$ 19,680,503**	**14.0%**	**$ 10,885,321**	**7.7%**

4 Direct Testimony of OSBA, Justin Farr, pg. 18

APPENDIX B

Proposed Findings of Fact,

Proposed Conclusions of Law, and

Proposed Ordering Paragraphs

Proposed Findings of Fact

1. The Office of Small Business Advocate ("OSBA") is authorized and directed by the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50, to represent the interests of Small Business consumers of utility services in matters before the Pennsylvania Public Utility Commission ("Commission").

2. National Fuel Gas Distribution Company ("National Fuel" or "NFG" or the "Company") is a "public utility" and a "natural gas distribution company" ("NGDC") as those terms are defined in Sections 102 and 2202 of the Code, 66 Pa. C.S. §§ 102, 2202.

3. NFG filed Supplement No. 294 to Gas Tariff – PA. P.U.C. No. 9 ("Supplement No. 294") on January 28, 2026. Supplement No. 294, if approved by the Commission, would provide the Company with a general rate increase of $19.7 million per year. In addition, NFG is proposing to make its weather normalization adjustment ("WNA") mechanism permanent.

4. The record evidence presented supports only a total revenue increase of $10,800,000. OSBA See also Appendix A.

5. NFG has approximately 15,109 Small Businesses.

6. Out of the 15,109 Small Business accounts, in the last three years, approximately 1624 to 2375 accounts were late on their payments each month.[1]

7. In the last three years, approximately 2 to 53 NFG commercial accounts were disconnected or had service terminated, each month, due to late payment or non-payment.[2]

8. National Fuel implements an Annual Cash Bonus Program. This incentive-based compensation is only paid if certain organizational goals are achieved during each fiscal year.

9. National Fuel offers a stock-based compensation program, in the form of time-vested restricted stock based upon financial results.[3]

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[2] Exhibit OSBA-3. National Fuel answer to OSBA 1-5 Interrogatory, Attachment OSBA-I-01.5.

[3] National Fuel Statement No. 4, Direct Testimony of Valerie L. Hawthorn Wagner, p.p. 13-14.

10. OSBA revenue requirement adjustment removes the FPFTY stock-based compensation expense, less the 5% portion of the stock-based compensation expense that the Company identified as being issued historically from December 2022 – December 2024 based on ESG criteria.[4] This adjustment would reduce the revenue requirement by $1,517,718 in FPFTY 2027.

11. The Company assumes 444 employees in FTY and 450 employees in FPFTY in its derivation of future Labor Expense.

12. During the last 12 months for which data has been provided, National Fuel averaged 440.3 FTE's, which is approximately ten less FTE's than the Company is requesting to include in its revenue requirement.[5]

13. NFG's membership dues expenses do not directly contribute to the provision of safe, adequate, and reliable utility service.

14. Membership of trade associations and industry organizations often provide benefits that are promotional, lobby-related, or otherwise primarily advantageous to the Company and its shareholders rather than ratepayers.

15. NFG requests recovery of customer payment transaction costs to the extent those costs arise from the Company's chosen methods of collecting payments and conducting its business operations.

16. National Fuel witness Joshua C. Nowak recommends a ROE of 11.25%. Mr. Nowak's recommended ROE is comprised of a base ROE of 11.00% and a 25-basis point premium for exceptional management performance and efficiency[6] and a capital structure consisting of 56.4% common equity and 43.6% debt[7] and a capital structure consisting of 56.4% common equity and 43.6% debt.[8]

17. National Fuel's recommended base ROE of 11.00% is high compared to the authorized ROE's from recent rate cases for the companies of similar risk included in his proxy group.

18. National Fuel's proposed base ROE of 11.00% is 125 basis points above the median approved ROE for the proxy group.

19. The revenue requirement impact of setting National Fuel's allowed ROE equal to 9.75%, as proposed by the OSBA, the median ROE for the proxy group, reduces the

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[4] Direct Testimony of OSBA, Justin Farr, p. 6, Table JBF-1.
[5] Direct Testimony of OSBA, Justin Farr, p. 13, Table JBF-2.
[6] National Fuel Statement No. 10, Direct Testimony of Joshua C. Nowak, p.p. 3-4.
[7] National Fuel Statement No. 10, Direct Testimony of Joshua C. Nowak, p. 55.
[8] National Fuel Statement No. 10, Direct Testimony of Joshua C. Nowak, p. 55.

Company’s revenue requirement by approximately $5,560,798 relative to the Company’s filed case.

20. NFG’s 25-basis point management premium does not have clearly defined and measurable standards, the proposed premium is inherently subjective.

21. Disallowing the 25-basis point management premium would reduce the revenue requirement by $1,191,103 in FPFTY 2027.[9]

22. The company used special cost studies to allocate meters, services, and regulators that align with cost causation principles.[10]

23. The Company recommends an approach in which class rate increases are guided by the results of the Class Cost of Service study, but without moving all classes to fully-cost-based rates in the interest of gradualism; this applies to the SCPA-LL and SCPA-UL classes.

24. The classes with revenue-to-cost parity ratios above 1.5, the Company proposes an increase of .67 times the system increase, which recovers the Company's remaining requested increase. This applies to the LCPA, SVIS, IVIS, LVIS, and LIS classes.[11]

25. The Company’s revenue allocation proposal reasonably balances moving class revenue recovery in the direction of cost causation, while adhering to the principle of gradualism.

26. National Fuel proposes implementing an EE program over a five-year period beginning in October 2026.

27. The proposed program currently will only provide rebate incentives to residential customers.

28. Natural Fuel’s New York division has been running an EE program for over 17 years.[12]

29. The Company’s EE program in NY includes both residential and non-residential programs.[13]

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[9] Direct Testimony of OSBA, Justin Farr, Exhibit JBF-4.
[10] National Fuel Statement No. 19, Direct Testimony of John D. Taylor, p. 12.
[11] National Fuel Statement No. 19, Direct Testimony of John D. Taylor, p. 21.
[12] National Fuel Statement No. 18, Direct Testimony of Erik M. Solomon, p. 4.
[13] See https://www.nationalfuel.com/utility/energy-efficiency-rebate-program/

30. The non-residential program in New York provides rebates for replacing specified appliances with new, energy efficient models.

Proposed Conclusions of Law

1) Every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable, and in conformity with regulations or orders of the commission. 66 Pa. C.S. § 1301.

2) The burden of proving the justness and reasonableness of every element of the utility's rate increase rests solely upon the public utility. 66 Pa. C.S. § 315(a); *Lower Frederick Twp. v. Pa. Pub. Util. Comm.*, 409 A.2d 505 (Pa. Commw. Ct. 1980).

3) National Fuel Gas, as the base rate filer, must satisfy its burden of proof by a preponderance of evidence. *Samuel J. Lansberry, Inc. v. Pennsylvania Public Utility Commission*, 578 A.2d 600 (Pa. Commw. 1990).

4) The Commission must ensure that any adjudication is supported by substantial evidence. "Substantial evidence" is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. *Norfolk & Western Ry. Co. v. Pennsylvania Public Utility Commission,* 413 A.2d 1037 (Pa. 1980).

5) In exchange for the utility's provision of safe, adequate and reasonable service, the ratepayers are obligated to pay rates which cover the cost of service which includes reasonable operation and maintenance expenses, depreciation, taxes and a fair rate of return for the utility's investors. *Pa. Pub. Util. Comm. v. Pennsylvania Gas & Water Co.,* 61 Pa. PUC 409, 415-16 (1986); 66 Pa. C.S. § 1501.

6) The public utility requesting a rate increase and seeking to recover expenses has the burden of showing that the rate requested, including all claimed expenses, is just and reasonable. 66 Pa. C.S. § 315(a); *See also Cup v. Pa. P.U.C.*, 556 A.2d 470 (Pa. Commw. 1989).

7) The basic factor in allocating revenue is to have the rates reflect the cost of service. *Lloyd v. Pa. Pub. Util. Comm.,* 904 A.2d 1010, 1020 (Pa. Commw. 2006).

8) "Scale back" of rates is an accepted rate making process that is applied to the final rate structure after the Commission approves the Company's new total revenue requirement.

Proposed Ordering Paragraphs

The Office of Small Business Advocate requests that the Commission Order the following:

A. DENY ANY INCENTIVE-BASED AWARDS BASED UPON FINANCIAL PERFORMANCE.

B. REDUCE THE COMPANY'S ADDITIONAL (17) BUDGETED EMPLOYEES BY 9.6 EMPLOYEES.

C. DENY MEMBERSHIP DUES EXPENSES

D. DENY SMALL BUSINESS CUSTOMER PAYMENT TRANSACTION COSTS.

E. REJECT NATIONAL FUEL'S PROPOSED BASE ROE OF 11.00%.

F. REJECT NFG'S 25-BASIS POINT PREMIUM.

G. RECOMMEND THAT THE ENERGY EFFICIENCY PILOT PROGRAM INCLUDE SMALL BUSINESS CUSTOMERS AND BE PAID THROUGH SHAREHOLDER FUNDS.

H. RECOMMEND THAT NFG INCORPORATE LANGUAGE TO ALLOW SMALL BUSINESS CUSTOMERS TO RECEIVE THE NEIGHBOR-FOR-NEIGHBOR GRANT.

EXHIBIT OSBA-1

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
RESPONSE TO REQUEST FOR INFORMATION
R-2025-3059428

Question

Count of Small Business Customers: (a) Please provide the total number of small business customers currently served within the Company's Pennsylvania service territory.

Response

As of March 2nd, 2026, the Company has a total of 15,109 small business customers. A further breakdown of each account type is listed below:

- SCPA-LL (Small Commercial Public Authority Lower Limit, under 250 MCF): 10,358 accounts.
- SCPA-UL (Small Commercial Public Authority Upper Limit, 250–1,000 MCF): 4,557 accounts.
- SVIS – (Small Volume Industrial, under 1000 MCF): 194 accounts.

EXHIBIT OSBA-2

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
RESPONSE TO REQUEST FOR INFORMATION
R-2025-3059428

Question

Small Business Delinquency Statistics: (a) For each of the past three calendar years, state the number of small business customer accounts that were delinquent or late in paying their monthly bills. Please provide this information separately by month and year.

Response

See Attachment OSBA-I-01.4. Note that the data provided includes accounts in the below small business service classes:

- SCPA-LL (Small Commercial Public Authority Lower Limit, under 250 MCF)
- SCPA-UL (Small Commercial Public Authority Upper Limit, 250–1,000 MCF)
- SVIS (Small Volume Industrial, under 1,000 MCF)

Month-Year	(a) Count of small business accounts(SCPA-LL, SCPA-UL, SVIS) late in paying their monthly bills
Jan-23	2375
Feb-23	2055
Mar-23	1890
Apr-23	1905
May-23	1850
Jun-23	1775
Jul-23	1658
Aug-23	1602
Sep-23	1623
Oct-23	1618
Nov-23	1908
Dec-23	2049
Jan-24	2038
Feb-24	1905
Mar-24	1931
Apr-24	1866
May-24	1797
Jun-24	1857
Jul-24	1754
Aug-24	1683
Sep-24	1769
Oct-24	1624
Nov-24	1674
Dec-24	1966
Jan-25	2223
Feb-25	1952
Mar-25	1860
Apr-25	1866
May-25	1826

Jun-25	1857
Jul-25	1955
Aug-25	2043
Sep-25	1866
Oct-25	1817
Nov-25	1817
Dec-25	2018

EXHIBIT OSBA-3

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
RESPONSE TO REQUEST FOR INFORMATION
R-2025-3059428

Question

Service Terminations for Nonpayment: (a) For each of the past three calendar years, indicate the number of small business accounts that were disconnected or had service terminated due to late payment or nonpayment. Provide this data broken down by month and year.

Response

See Attachment OSBA-I-01.5.

Year-Month	(a) number of small business accounts that were disconnected or had service terminated due to late payment or nonpayment
Jan-23	7
Feb-23	10
Mar-23	21
Apr-23	53
May-23	37
Jun-23	26
Jul-23	27
Aug-23	10
Sep-23	8
Oct-23	7
Nov-23	10
Dec-23	5
Jan-24	2
Feb-24	7
Mar-24	44
Apr-24	26
May-24	28
Jun-24	24
Jul-24	21
Aug-24	14
Sep-24	7
Oct-24	15
Nov-24	4
Dec-24	11
Jan-25	6
Feb-25	17
Mar-25	34
Apr-25	35
May-25	36
Jun-25	20

Jul-25	25
Aug-25	12
Sep-25	9
Oct-25	3
Nov-25	2
Dec-25	7

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	**Docket Nos. R-2025-3059428**
v.	:	**C-2026-3060354**
	:	
National Fuel Gas Distribution Corporation	:	

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Date: June 22, 2026

/s/ Rebecca Lyttle
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