PULP
PENNSYLVANIA
UTILITY LAW PROJECT

June 22, 2026

Via Email Only

The Honorable Katrina L. Dunderdale
Administrative Law Judge
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
kdunderdal@pa.gov

Re: Pennsylvania Public Utility Commission v. National Fuel Gas Distribution Corporation
Docket Nos. R-2025-3059428, et al.

Your Honor:

Please find the attached copy of the **Main Brief of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** in the above noted proceeding.

As indicated on the attached Certificate of Service, service on the parties was accomplished by email only.

Respectfully Submitted,

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BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2025-3059428, et al.
	:	
National Fuel Gas Distribution Corporation	:	

Certificate of Service

I hereby certify that I have this day served copies of the **Main Brief of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54.

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Pennsylvania Public Utility Commission	:	
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MAIN BRIEF OF

THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA

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June 22, 2026

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I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its counsel at the Pennsylvania Utility Law Project, files this Main Brief in opposition to the rate and tariff proposals of National Fuel Gas Distribution Corporation (NFG or the Company) and in support of its positions and recommendations made in response thereto.

CAUSE-PA is an unincorporated association of low and moderate income consumers from across the Commonwealth, including customers of NFG, that advocates on behalf of its members to ensure households with limited economic means can connect and maintain affordable utility services to their home. CAUSE-PA intervened in this proceeding to help ensure that NFG's rates and rate design, as well as any approved tariff, policy, or program which affects the rates charged or the terms and conditions of service, are just, reasonable, and equitably designed to help ensure all residential customers – regardless of wealth – are able to connect, maintain, and afford life-essential gas service to their home.

Simply put, NFG has failed to meet its burden of proof to show that its proposed rates and attendant policies, services, and programs are just, reasonable, and in the public interest. To the contrary, the overwhelming weight of the evidence in this case reveals that NFG's proposals will further exacerbate existing rate unaffordability and stark disparities in access to essential gas service for NFG's low income and vulnerable customers. CAUSE-PA submits that NFG's rate proposals should be denied and that no revenue increase be authorized in this proceeding because the Company failed to provide substantial evidence that its proposals are just and reasonable. The Public Utility Commission (Commission) should adopt the rate design, policy, and programmatic reforms recommended by CAUSE-PA in this proceeding because substantial record evidence demonstrates that these proposals would produce just and reasonable rates. To the extent the Commission determines that any revenue increase is warranted in this proceeding, the Commission should adopt the rate of return, revenue requirement, and capital structure proposed by the Office of Consumer Advocate (OCA) in this proceeding. Adopting the OCA's rate of return, capital structure, and revenue requirement, along with CAUSE-PA's proposals to improve rate equity and customer service standards, strikes the appropriate balance of allowing NFG a fair rate of return on its prudent investments made in furtherance of public service, while protecting captive ratepayers from excessive rates that NFG seeks.

A. PROCEDURAL HISTORY

On January 28, 2026, NFG filed Supplement No. 294 to National Fuel Gas Distribution Corporation Gas Tariff – Pa. P.U.C. No. 9 (Supplement No. 294) with the Pennsylvania Public Utility Commission (Commission).[1] The Company proposed increasing rates to produce additional overall revenues of $19.7 million per year, a 7.4% increase in the overall distribution revenue requirement.[2] In addition, NFG proposed to recover approximately $0.7 million from residential ratepayers through a new rider to fund a proposed energy efficiency pilot program (EE Pilot).[3] Further, NFG proposed to continue

[1] CAUSE-PA St. 1 at 4.
[2] *Id.*
[3] *Id.*

its Rider I, scheduled to end in September 2026, to provide a one-year surcredit to customers to refund ratepayer dollars previously collected to provide Other Post-Employment Benefits (OPEB) to employees.[4] If the Company's proposed rate increase were approved in its entirety, the total bill for a residential customer purchasing 80 Ccf of gas per month would temporarily increase 5.9%, from $83.49 to $88.44, until the OPEB refund ends one year after the rate increase would take effect.[5] Following expiration of the OPEB refund, the same customer's bill would increase to $90.28 per month, an 8.1% increase over current rates.[6]

NFG proposes to recover a major portion of its proposed revenue increase for the residential class through a 35.7% hike to its fixed monthly residential service charge, from $14 to $19 per month.[7] In relevant part, NFG's filing also requests approval to convert its pilot Weather Normalization Adjustment (WNA) into a permanent aspect of the Company's rate design, less than three years into the authorized five-year pilot period.[8] Further, the Company's filing requests approval to amend language in the Company's Tariff Rule 8, "Access to Premises."[9]

On February 10, 2026, CAUSE-PA filed a Formal Complaint against NFG's filing.[10] CAUSE-PA raised concern that NFG's rate request could result in unjust and unreasonable rates that would impose severe hardship on low to moderate income

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[4] *Id.*
[5] *Id.*
[6] *Id.*
[7] CAUSE-PA St. 1 at 4-5.
[8] *Id.* at 5, 54.
[9] *Id.* at 61-62, 68, 70.
[10] CAUSE-PA Formal Complaint, Docket No. C-2026-3060437.

customers.[11] CAUSE-PA also voiced deep concern that the Company's proposed rate increase and rate design as applied to NFG's low income customers were likely to have a disparate impact on customers with limited economic means.[12]

On February 26, 2026, a Prehearing Conference was convened. Counsel appeared for NFG, the Commission's Bureau of Investigation & Enforcement (I&E), the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), CAUSE-PA, and the Pennsylvania Weatherization Providers Task Force (WPTF), (collectively, the Parties).

On February 27, 2026, a Prehearing Order was entered consolidating the Complaints of the statutory advocates and CAUSE-PA with the above-docketed rate proceeding.[13] In addition, the Petition to Intervene filed by WPTF was granted.[14] The litigation schedule was also established setting the due date for main briefs as June 22, 2026 and for reply briefs as July 1, 2026.[15]

On March 11, 2026, an In-Person and Telephonic Public Input Hearings Notice was issued scheduling in-person public input hearings for March 31, 2026, at 1:00 p.m. and 6:00 p.m. in Erie, Pennsylvania, and telephonic public input hearings for April 2, 2026, at 1:00 p.m. and 6:00 p.m.[16]

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[11] CAUSE-PA Formal Complaint at ¶13.
[12] *Id.* at ¶¶17.
[13] Prehearing Order at 3.
[14] *Id.*
[15] Prehearing Order at 3-4.
[16] In-Person and Telephonic Public Input Hearings Notice, Mar. 11, 2026.

On March 16, 2026, an In-Person Evidentiary Hearings Notice was issued scheduling evidentiary hearings for Tuesday, June 2, 2026, through Thursday, June 4, 2026, in Harrisburg, Pennsylvania.[17]

On June 2, 2026, an evidentiary hearing was held. CAUSE-PA entered into the record CAUSE-PA Statements 1 and 1-SR, the Direct and Surrebuttal Testimony of Harry S. Geller, Esq., and the relevant attachments and exhibits appended to those statements.

B. LEGAL STANDARDS

1. Legal Standards - Just and Reasonable Rates

The Commission's authority to regulate public utilities is rooted in the state's "police power" – that is, the power to protect the health, safety, and welfare of its citizens.[18] In its exercise of police power, the Commission's fundamental job is to restrain the monopolistic tendencies of public utilities through the regulation of utility rates and attendant terms and conditions of service.[19] This is accomplished through cost-of-service ratemaking that ensures service is accessible to all customers while providing the utility

[17] In-Person Evidentiary Hearings Notice, Mar. 16, 2026.

[18] *Ark. Elec. Coop. v. Ark. Public Service Comm'n*, 461 U.S. 375, 377 (1983) ("[R]egulation of utilities is one of the most important of the functions traditionally associated with the police power of the States.").

[19] "Inherent in the 'cost of providing service' principle of ratemaking is the recognition that public utilities are natural monopolies and that the PUC's oversight through cost-of-service ratemaking regulation serves as a proxy for a competitive market in appropriately restraining, or exerting downward pressure on, the profit-maximizing prices a monopoly could otherwise charge in the absence of price regulation." *Use of Fully Projected Future Test Year 52 Pa. Code Chapter 53*, Final Form Order, Docket No. L-2012-2317273, at 4 (order entered Jan. 8, 2025), https://www.puc.pa.gov/pcdocs/1874340.pdf.

the opportunity to recover prudent and reasonable costs and to earn a fair rate of return on investment.[20]

The paramount standard for all utility ratemaking is the constitutionally based "just and reasonable" standard.[21] As a matter of law, rates must be just and reasonable and must conform with all other laws, regulations, and orders of the Commission.[22] While a utility's cost of providing service guides the ratemaking process, additional important ratemaking concerns include quality of service, rate gradualism, and rate affordability.[23]

In determining just and reasonable rates, the Commission has the "power to make and apply policy" – including, *inter alia*, the discretion to decide the proper balance between interests of ratepayers and utilities.[24] The Commission's discretion in this regard is not confined "to an absolute or mathematical formulation" – but instead "imports a flexibility in the exercise of a complicated regulatory function."[25]

Here, as a public utility, NFG is entitled to no more than a reasonable *opportunity* to earn a fair rate of return on its investments which are dedicated to public service.[26] A fair return for public utility service is not equivalent to "profits such as are realized or

[20] 66 Pa. C.S. § 1301; *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Commw. Ct. 2002); *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Commw. Ct. 2006).
[21] 66 Pa. C.S. § 1301; *Popowsky v. Pa. PUC*, 665 A.2d 808, 811 (Pa. 1995).
[22] 66 Pa. C.S. § 1301.
[23] *Pa. PUC v. Columbia Gas of Pa., Inc*., Order, Docket No. R-2020-3018835, at 46-47 (order entered Feb. 19, 2021) (citing 66 Pa. C.S. §§ 523, 526(a); *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Commw. Ct. 2006); *Pa. PUC v. Twin Lakes Util., Inc*., 2020 Docket No. R-2019-3010958 at 48, 80 (order entered Mar. 26, 2020).
[24] *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995).
[25] *Id.*
[26] *Pa. Gas & Water Co. v. Pa. PUC*, 341 A.2d 239, 251 (Pa. Commw. Ct. 1975).

anticipated in highly profitable enterprises or speculative ventures"[27] and "does not insure that the business shall produce net revenues."[28]

While rates must not be unduly discriminatory among customer groups,[29] the Commission nevertheless has discretion to determine reasonable classification of service of rates as may be justified "by a variety of considerations including the quantity of service used, the nature of the use, the time of the use, the pattern of the use, differences of conditions of service or cost of service."[30]

Section 102 of the Public Utility Code defines "rates" broadly to include:

> **Every individual, or joint fare, toll, charge, rental, or other compensation whatsoever of any public utility** … **made, demanded, or received for any service** within this part, offered, rendered, or furnished by such public utility, or contract carrier by motor vehicle, whether in currency, legal tender, or evidence thereof, in kind, in services or in any other medium or manner whatsoever, and **whether received directly or indirectly, and any rules, regulations, practices**, **classifications or contracts affecting any such compensation, charge, fare, toll, or rental**.[31]

Thus, when considering whether rates are just, reasonable, and in the public interest, the Commission must also consider the rules, regulations, programs, and practices affecting such rates. Neither statutory law nor the Constitution imposes a unilateral obligation on customers to pay for the cost of service without a reciprocal obligation of the utility to

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[27] *Bluefield Water Works & Improvement Co. v. Public Serv. Comm'n of W.Va*., 262 U.S. 679, 692-93 (1923).
[28] *Federal Power Comm'n v. Hope Natural Gas Co*., 320 U.S. 591, 603 (1944); *Pittsburgh v. Pa. PUC*, 69 A.2d 844 (Pa. Super Ct. 1949); *see also Duquesne Light Co. v. Barasch*, 488 U.S. 299, 310, 312 (1989).
[29] 66 Pa. C.S. § 1304.
[30] *Zucker v. Pa. PUC*, 402 A.2d 1377, 1382 (Pa. Commw. Ct. 1979).
[31] *McCloskey v. Pa. PUC*, 219 A.3d 1216, 1223 (Pa. Commw. Ct. 2019) (citing 66 Pa. C.S. § 102 (emphasis in original)).

satisfy standards of reasonable service – in conformity with all governing laws, consist with strong public policy, and in furtherance of the health, safety, and welfare of Pennsylvania consumers.[32]

Chapter 15 of the Public Utility Code sets forth crucial customer service standards requiring that public utilities furnish and maintain adequate, efficient, safe, and reasonable service to customers, with such service being reasonably continuous and without unreasonable interruption or delay.[33] Under Chapter 15, a public utility's rules and regulations for the provision of service must be reasonable.[34] Public utilities must make changes and improvements to the delivery of service that are necessary and proper to ensure the accommodation, convenience, and safety of their customers, employees, and the public.[35] In addition, the Chapter prohibits discrimination in service and forbids a utility from subjecting any person to unreasonable prejudice or disadvantage or maintaining any unreasonable difference as to service.[36] Chapter 15 empowers the Commission to prescribe just and reasonable standards, classifications, regulations, and practices for a utility's service.[37]

The Commission must determine the justness and reasonableness of rates, and all attendant policies, programs, and terms and conditions of service, for NFG's gas delivery

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[32] *See Nat'l Utilities, Inc. v. Pa. PUC*, 709 A.2d 972, 979 (Pa. Commw. Ct. 1998), following *D.C. Transit Sys., Inc. v. Washington Metro. Area Transit Comm'n*, 466 F.2d 394, 411 (D.C. Cir. 1972), *cert denied.*
[33] 66 Pa. C.S. §§ 1501 *et seq.*
[34] *Id.*
[35] *Id.*
[36] 66 Pa. C.S. § 1502.
[37] 66 Pa. C.S. § 1504.

service under Chapter 13,[38] Chapter 15,[39] and other provisions of the Public Utility Code.[40] In making this determination, the Commission must consider the impact of rates on consumers.[41] Fundamentally, the Commission's job is to restrain the monopolistic tendencies of public utilities through regulation.[42] The Commission has a "duty to set 'just and reasonable' rates, reflecting a balance of consumer and investor interests."[43] Affordability and quality of service are critically important concerns when setting rates,[44] and are embedded duties enshrined in the Choice Act – which contains a multitude of interconnected duties and responsibilities.[45]

2. Legal Standards – Natural Gas Choice and Competition Act

The Natural Gas Choice and Competition Act (Choice Act) imposes critically important standards on natural gas distribution companies (NGDCs) related to the provision of just and reasonable distribution services.[46] As discussed above, the term "rates" is far broader than the fees and charges for service, and includes the attendant rules, regulations, and programs affecting such rates. As such, an NGDC's adherence to the

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[38] 66 Pa. C.S. §§ 1301 *et seq.*
[39] 66 Pa. C.S. §§ 1501 *et seq.*
[40] *See* 66 Pa. C.S. §§ 2201 *et seq.*
[41] *Federal Power Comm'n v. Hope Nat'l Gas Co*., 320 U.S. 591, 603 (1944) ("[T]he fixing of 'just and reasonable rates', involves a balance of the investor and consumer interests.")
[42] See *infra* section I.B.1; *see also Use of Fully Projected Future Test Year 52 Pa. Code Chapter 53*, Final Form Order, Docket No. L-2012-2317273, at 4 (order entered Jan. 8, 2025); *see also,* James H. Cawley & Norman J. Kennard, Pa. Public Utility Commission, *A Guide to Utility Ratemaking*, at 1-4 (2018 Ed.).
[43] *Popowsky v. Pa. PUC*, 542 Pa. 99, 107-108 (1995) (emphasis added); 66 Pa. C.S. § 1301.
[44] *Pa. PUC v. Columbia Gas of Pa., Inc.*, Docket No. R-2020-3018835, at 46-47 (order entered Feb. 19, 2021), *citing* 66 Pa. C.S. §§ 523, 526(a); *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Commw. Ct. 2006)); *Pa. PUC v. Twin Lakes Util., Inc.*, 2020 Pa. PUC LEXIS 340, *46-54 (order entered Mar. 26, 2020).
[45] 66 Pa. C.S. §§ 2201 *et seq.*
[46] 66 Pa. C.S. §§ 2201 *et seq.*

standards in the Choice Act is essential to determining whether rates are just, reasonable, and pursuant to the public interest. The overarching goal of competition through deregulation of the energy supply industry is to reduce energy costs for consumers.[47]

Of particular importance and relevance to this proceeding are the universal service and energy conservation obligations enshrined in the Choice Act. The term "universal service and energy conservation" is defined as:

> **Policies, practices and services that help residential low-income retail gas customers** and other residential retail gas customers experiencing temporary emergencies, as defined by the commission, **to maintain natural gas supply and distribution services.** The term includes retail gas customer assistance programs [(CAPs)], termination of service protections and consumer protection policies and services that help residential low-income customers and other residential customers experiencing temporary emergencies to reduce or manage energy consumption in a cost-effective manner, such as the low-income usage reduction programs [(LIURP)] and consumer education.[48]

While a utility's universal service programs, including CAP, LIURP, and Hardship Fund programs, are central to this definition, the definition encompasses a much broader array of policies, programs, services, and education to prevent termination of service for low income customers and other vulnerable groups – such as "termination of service protections and consumer protection policies and services that help residential low-income customers."[49]

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[47] *Retail Energy Supply Assoc. v. Pa. PUC*, 230 C.D. 2017 (Pa. Commw. Ct. 2017), *citing CAUSE-PA v. Pa. PUC*, 120 A.3d 1087, 1101 (Pa. Commw. Ct. 2015) ("[T]he overarching goal of the Choice Act is competition through deregulation of the energy supply industry, leading to reduced electricity costs for consumers[;]" however, this "scheme does not demand absolute and unbridled competition."). While this case was interpreting the Electric Choice and Competition Act, the two Acts are parallel in their intent and application.

[48] 66 Pa. C.S. § 2202.

[49] 66 Pa. C.S. § 2202.

The Choice Act conveys a series of "interdependent standards" governing the Commission's oversight of the restructured gas utility industry. Chief among these standards is the requirement that the Commission "ensure that universal service and energy conservation policies, activities, and services are appropriately funded and available in each natural gas distribution service territory … [and] operated in a cost-effective manner."[50] Additionally, the Choice Act imposes a duty on the Commission to ensure that universal service programs are not eroded to ensure that low income customers are able to afford natural gas service.[51] The Commission has expressly concluded that universal service and energy conservation issues are a relevant and important area of inquiry in the context of determining whether a utility's rates are just and reasonable, and should not be exclusively relegated to a utility's periodic Universal Service and Energy Conservation Plan (USECP) proceeding.[52] As the Commission concluded in a 2023 Philadelphia Gas Works (PGW) rate proceeding:

> **[T]abling consideration of [universal service] issues until PGW's next USECP proceeding would result in denying low-income customer relief for an extended period.** In our view, **such a result is unreasonable and thwarts the purpose of universal service**, which is to help low-income customers maintain their natural gas service.[53]

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[50] 66 Pa. C.S. § 2203 (8).
[51] 66 Pa. C.S. § 2203 (7).
[52] *Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1—58.18,* Final Form Rulemaking Order, Docket No. L-2016-2557886, at 50, 123 (order entered March 13, 2025); *see also Pa. PUC v. PGW*, Opinion and Order, Docket No. R-2023-3037933, at 216 (order entered Nov. 9, 2023).
[53] *Pa. PUC v. PGW*, Opinion and Order, Docket No. R-2023-3037933, at 216 (order entered Nov. 9, 2023) (emphasis added).

Relatedly, the Electricity Generation Customer Choice and Competition Act, the corresponding restructuring act for the electric distribution company (EDC) industry, contains the energy efficiency and conservation (EE&C) program framework established by Act 129.[54] Act 129 only expressly applies to large EDCs, but creates a framework that guides the development of voluntary energy efficiency programs at utilities not subject to Act 129's statutory requirements.[55] Through Act 129, the General Assembly specifically required that EDCs include dedicated, proportional energy efficiency measures for low income customers in their EE&C programs.[56]The Commission has further developed low income safeguards within the Act 129 framework, and has required that EDCs include dedicated low income offerings in EE&C plans through each Phase of Act 129 implementation.[57]

3. Legal Standards - Burden of Proof

NFG bears the burden of proof to establish the justness and reasonableness of each element of its requested rate increase – inclusive of all attendant policies, programs, and services.[58] To meet its burden, NFG must establish that all of "the elements of [its] cause of action are proven with substantial evidence which enables the party asserting the cause

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[54] 66 Pa. C.S. § 2806.1
[55] *See* Pa. PUC, *Secretarial Letter Re: Voluntary Energy Efficiency and Conservation Program*, Docket No. M-2009-2142851 (Dec. 23, 2009).
[56] 66 Pa. C.S. § 2806.1(b)(1)(i)(G).
[57] CAUSE-PA St. 1-SR at 17.
[58] 66 Pa. C.S. §§ 315 (a); *Lower Frederick Twp. Water Co. v. Pa. PUC*, 409 A.2d 505, 507 (Pa. Commw. Ct. 1980).

of action to prevail, precluding all reasonable inferences to the contrary."[59] The *degree* of proof necessary to meet the substantial evidence standard requires a preponderance of the evidence, which means that the substantial evidence presented is more convincing than the evidence presented by the other party.[60]

Importantly, the burden of proof remains with NFG throughout the case and does not shift to any other parties challenging a rate increase.[61] Thus, it is not the responsibility of the other parties to prove that NFG's proposed rates are unjust, unreasonable, or not in the public interest. On the contrary, the other parties are only required to prove that the Company failed to meet its burden of proof that its rates are just and reasonable and in the public interest.[62] This includes an examination not only of NFG's proposed rate changes, but also its "existing rates, rules, and regulations."[63]

II. <u>SUMMARY OF ARGUMENT</u>

Rates for essential utility services, necessary for the basic functions of life, are not just and reasonable if they are not affordable for the population served. Yet that is where we stand at the outset of this case: Thousands of economically vulnerable low income households are priced out of the market for essential gas service in NFG's service territory because of the combination of rate, rate design, and tariff provisions that NFG has chosen.

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[59] *Burleson v. Pa. PUC*, 461 A.2d 1234, 1236 (Pa. 1983); *Lansberry v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Commw. Ct. 1990);
[60] *NRG Energy, Inc. v. Pa. PUC*, 233 A.3d 936, 939 (Pa. Commw. Ct. 2020).
[61] *Berner v. Pa. PUC*, 116 A.2d 738 (Pa. 1955) ("It is well-established that in general rate increase proceedings, the burden of proof does not shift to parties challenging a requested rate increase."); *see also Univ. of Pa. v. Pa. PUC*, 485 A.2d 1217 (Pa. Commw. Ct. 1984).
[62] *Pa. PUC v. Equitable Gas Co.*, 57 Pa. PUC 423, 471 (1983); *Univ. of Pa. v. Pa. PUC*, 485 A.2d 1217 (Pa. Commw. Ct. 1984).
[63] February 19, 2026 Order at 3, ¶ 4.

As articulated throughout this brief, the Commission's responsibility in this case is to balance the interests of consumers and the Company in a way that ensures the Company has a reasonable opportunity to earn a fair rate of return but also restrains the monopolistic tendencies of NFG to be extractive in its chosen rates and rate design.

NFG serves an estimated 57,542 low income customers and has confirmed low income status for 24,901 of this estimated group.[64] Just 6,217 of these customers participate in NFG's Customer Assistance Program (CAP) – a vital rate assistance and arrearage management program.[65]

The record in this case makes clear that NFG's low income customers already struggle to afford service at existing rates, and that a further increase in rates will exacerbate energy insecurity – likely leading more low income families to forego food, medicine, and other basic needs or, alternatively, face the involuntary termination of service to their homes.[66] This heat or eat dilemma is glaringly demonstrated in NFG's low income arrearage and termination rates. In 2025, NFG's confirmed low income (non-CAP) customers carried 52% of all residential debt – despite making up 9.6% of the residential population.[67] NFG terminated service to 3,344 confirmed low income households in 2025, 13.4% of the Company's confirmed low income customers – more than triple the overall 3.9% residential termination rate.[68]

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[64] CAUSE-PA St. 1 at 9-10.
[65] *Id.* at 27.
[66] *Id.* at 13-19.
[67] CAUSE-PA St. 1 at 18.
[68] *Id.* at 18-19.

The record shows that the ability to access assistance through NFG's CAP, Low Income Usage Reduction Program (LIURP), and Neighbor for Neighbor Hardship Fund (NFN) helps to provide low income customers with more affordable bills and crisis assistance, thereby reducing the risk of involuntary termination.[69] However, despite the well-documented and growing unmet need for rate assistance, NFG has enrolled only 10.8% of the Company's estimated low income customers in CAP.[70] Strikingly, this figure represents a backslide from NFG's CAP enrollment figures at the time of its last rate case – in November 2022, the Company had enrolled 11.2% of its estimated low income customer population in its CAP.[71] Further, NFG consistently underspends its LIURP budget and performs fewer LIURP jobs than projected.[72] In addition, the NFN is gravely underfunded.[73] NFG's low income programs are materially under-resourced and underperforming to meet demonstrated need.

CAUSE-PA opposes any rate increase in this case and asserts that NFG has not met its burden of proof to demonstrate that its proposed rates and all attendant terms and conditions are just, reasonable, and in the public interest. To the contrary, based on substantial record evidence, critical additional reforms to NFG's policies, procedures, and terms and conditions of service are necessary to ensure NFG's quality of service meets the standards required of a PUC-regulated utility.

[69] *Id.* at 26, 28, 38-39, 44-45.
[70] *Id.* at 27.
[71] *Id.* at 26, 27. NFG's current CAP replaced its previous Low Income Residential Assistance Program (LIRA) in April 2024. *See* NFG St. 17 at 2:15-17.
[72] CAUSE-PA St. 1 at 41.
[73] *Id.* at 47.

CAUSE-PA further opposes NFG's unjust and unreasonable rate design and WNA proposals. The overwhelming weight of the evidence in this case shows that these proposals are one-sided in favor of NFG to the detriment of consumers. NFG's proposed 35.7% increase to the fixed monthly residential customer charge will have a perverse impact on efficiency and conservation – falling hardest on low income households that rely on careful conservation to help control high costs.[74] NFG's proposed customer charge would result in a bill structure with the customer charge representing over one-fifth (21%) of a customer's monthly bill at 80 Ccf per month usage, severely restricting the ability of customers to control bill costs through usage reduction.[75]

NFG's WNA proposal would work together with NFG's high fixed charge proposal to insulate the Company from standard business risk – forcing consumers to pay charges based on gas they do not use, and undermining critical prudency safeguards embedded in ratemaking. NFG's pilot WNA has already imposed a net total of nearly $6.5 million in additional charges to Residential Sales consumers since the 2023/2024 heating season – even after the cold winter Pennsylvania experienced in 2025/2026.[76] These one-sided results during the pilot's operation makes it clear that the original basis for approval – namely, that the WNA would equally insulate consumers and the Company from extreme weather – is illusory.[77] Whether taken together or apart, NFG's rate design and WNA proposals pervert the fundamental premise of monopoly ratemaking to provide an

[74] CAUSE-PA St. 1 at 51-54; I&E St. 3 at 13-15; OCA St. 1 at 71-74; WPTF St. 1 at 4-5.
[75] CAUSE-PA St. 1-SR at 19-20.
[76] *Id.* at 23.
[77] *See* CAUSE-PA St. 1 at 56-57; OCA St. 1 at 33.

opportunity for profit, *not a guarantee*.[78] If approved, these inequitable rate mechanisms will further exacerbate energy insecurity for low income households across the Company's service territory while eroding their ability to reduce overall energy costs through efficiency and conservation.[79]

As part of this case, NFG also proposes a residential EE Pilot funded by a new rider that would collect an additional approximately $0.7 million annually from residential customers, on top of the Company's proposed rate increase.[80] The pilot, designed solely to provide after-purchase rebates, would be inaccessible to NFG's low income customers – yet low income customers would nevertheless be required to pay for the program through the rider on their bills.[81] NFG has failed to demonstrate that low income customers would have equitable access to energy efficiency incentives and, as such, has failed to meet its burden to show that the EE Pilot, as proposed, is just and reasonable.[82]

To the extent any further increase in NFG's base rates are approved in this proceeding, CAUSE-PA urges the Honorable Administrative Law Judge Katrina L. Dunderdale and the Pennsylvania Public Utility Commission to adopt the rate of return, revenue requirement, and capital structure recommendations put forth by the OCA[83] and approve CAUSE-PA's proposed policy and program reforms to help mitigate the harsh impact of NFG's high rates on economically vulnerable households and improve access to

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[78] *Pa. Gas & Water Co. v. Pa. PUC*, 341 A.2d 239, 251 (Pa. Commw. Ct. 1975).
[79] CAUSE-PA St. 1 at 51-54, 56-58; OCA St. 1 at 33, 74.
[80] CAUSE-PA St. 1 at 61.
[81] *Id.* at 61-62.
[82] *Id.* at 63.
[83] OCA St. 2-SR at 2; OCA St. 3-SR at 3.

and availability of critical rate assistance and efficiency programs. In turn, CAUSE-PA urges ALJ Dunderdale and the Commission to deny NFG's unjust and inequitable rate design proposals that seek to shift NFG's business risk onto consumers.[84]

III. OVERALL POSITION ON RATE CASE

NFG has failed to meet its burden in the present proceeding to show that its proposed rate increase, rate design, and alternative rate mechanism – as well as associated programs, terms, and conditions of service – are in the public interest and will result in just and reasonable rates consistent with the Public Utility Code.

The record in this proceeding demonstrates that NFG's current rates are already unaffordable for low income families – making service inaccessible to thousands of households and creating a cascade of consequences for these households and the surrounding communities.[85] NFG's inequitable rate design and alternative ratemaking proposals fail to consider consumer interests. Instead, NFG maintains a narrow focus on the ability of the Company to recover its approved revenue requirement by any means, insulating itself from reasonable business risks at the expense of its customers.[86]

In light of the substantial affordability concerns already facing Pennsylvania consumers, especially economically vulnerable households, CAUSE-PA opposes any revenue increase for NFG in this proceeding.[87] CAUSE-PA urges the Commission to reject NFG's inequitable and unjust rate design and WNA proposals, which contravene codified

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[84] OCA St. 1 at 38; CAUSE-PA St. 1 at 56.
[85] CAUSE-PA St. 1 at 13-21.
[86] OCA St. 1 at 38; CAUSE-PA St. 1 at 56.
[87] OCA St. 1 at 79-80; CAUSE-PA St. 1 at 5.

Commission policy.[88] Furthermore, CAUSE-PA urges the Commission to require NFG to adopt substantial reforms to its policies, procedures, programs, and services to ensure low income customers can maintain service to their homes consistent with the requirements in the Choice Act.[89]

A. NFG's low income customers already struggle to afford service at existing rates.

NFG has 57,542 estimated low income customers,[90] of which 24,901 are classified by the Company as confirmed low income customers.[91] The average annual household income for NFG's confirmed low income customers is just $16,720.[92] This income level is substantially less than a household needs to meet its basic expenses in any of the counties that NFG serves.[93] Based on the Self Sufficiency Standard, across the counties NFG serves, a family of four requires an average annual income of $76,166.50 to reasonably afford basic needs without assistance.[94]

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[88] CAUSE-PA St. 1 at 52, 58-59, Ex. Geller C-2.

[89] CAUSE-PA St. 1 at 13; *see* 66 Pa. C.S. §§ 2202, 2203 (8), 2206 (c).

[90] CAUSE-PA St. 1 at 9. NFG's estimated low income customer count is calculated using a methodology originally developed by the Bureau of Consumer Services based on census data and utility customer count. *Id.*

[91] CAUSE-PA St. 1 at 9-10. To be considered a confirmed low income customer, a utility must have information that would reasonably place the customer at or below 150% of the federal poverty level (FPL). 52 Pa. Code § 62.2. The FPL is a measure of poverty based exclusively on household size and income and does not consider the relative difference in economic vulnerability based on the composition of the household or geographic location. CAUSE-PA St. 1 at 6. For reference, the maximum income for a family of four at 150% FPL is $49,500, while a family of four at or below 50% FPL has a maximum income of just $16,500. CAUSE-PA St. 1 at 7, T. 1.

[92] CAUSE-PA St. 1 at 7.

[93] *Id.* at 8.

[94] *Id.*

As of December 2025, NFG had enrolled only 6,217 customers in the Company's CAP, which provides vital rate relief and arrearage management for low income households.[95] This figure represents just 10.8% of NFG's customers who are estimated to have low income and 25% of NFG's confirmed low income customers.[96] That is, three out of every four NFG customers who the Company has *confirmed* to have low income are not enrolled in CAP.[97]

NFG's low income customers carry a disproportionate amount of debt and are far more likely to have their service terminated for nonpayment.[98] Non-CAP CLI customers carry 52% of the dollars in residential customer debt despite making up only 9.6% of the residential population.[99] Non-CAP CLI customers with debt to NFG carry on average $198.93 more in debt than do overall residential customers.[100] More than 1 in 10 confirmed low income customers were involuntary terminated in 2025, compared to 4 in 100 residential customers overall.[101] These figures demonstrate a clear need for assistance among the low income population to reasonably afford basic gas service. Of critical importance, confirmed low income customers that are not participating in CAP are more than *seven times* as likely to face involuntary termination than households enrolled in CAP, underscoring the critical importance of improving CAP enrollment, as discussed in detail

[95] CAUSE-PA St. 1 at 27, App. B: NFG Response to CAUSE-PA 1-6, Revised, Attachment.
[96] CAUSE-PA St. 1 at 27.
[97] *Id.*
[98] CAUSE-PA St. 1 at 18-19.
[99] *Id.* at 18.
[100] *Id.*
[101] CAUSE-PA St. 1 at 18-19.

in section XII.A of this brief, to improve collections and prevent involuntary termination of service.[102]

Taken together, these troubling indicators of deep energy insecurity across NFG's service territory demonstrate that NFG's low income consumers already struggle to pay for gas service at existing rates.[103]

B. NFG's rate proposal would have severe and unmitigated consequences for low income households and will drive up collections and service termination rates.

If the Commission approves a rate increase in this case, it will have a severe and detrimental impact on low income families across NFG's service territory – forcing more low income families to make untenable choices between affording utility services and other basic necessities – such as food, medicine, medical care, and housing.[104] After the short-term OPEB refund ends one year after rates would take effect, NFG's proposed rate increase will add $6.79 per month (8.1% or $81.48 annually) for customers using 80 Ccf of gas per month, representing a substantial increase in a basic living expense that would have a destabilizing impact on low income families.[105]

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[102] CAUSE-PA St. 1, App. B: NFG Response to CAUSE-PA 1-6, Revised, Attachment; NFG Response to CAUSE-PA 1-8, Revised, Attachment – Revised; NFG Response to CAUSE-PA 1-13, Revised, Attachment – Revised. In 2025, NFG terminated service to 142 CAP customers and 3,202 non-CAP CLI customers. As of December 2025, NFG reports that it served 6,217 CAP customers and 18,684 non-CAP CLI customers. In 2025, NFG's CAP termination rate was 2.3% and its non-CAP CLI termination rate was 17.1%.
[103] CAUSE-PA St. 1 at 18-19.
[104] *Id.* at 13, 59.
[105] *Id.* at 4.

NFG's proposed rate increase would substantially increase the portion of low income customers' energy burdens attributable to their gas bill.[106] The Table below analyzes the gas bill burden impact for low income households at current rates versus proposed rates.

Table 1: Impact of Rate Increase on Confirmed Low Income (CLI) Customers at Average Residential Usage[107]

Month/ Year	Average Residential Usage (Mcf)	Bill at Current Rates ($/mo) Total Bill Basis	Bill at Proposed Rates (After OPEB Credit Expires) ($/mo) Total Bill Basis	Percent of Income at Current Rates	Percent of Income at Proposed Rates (After OPEB Credit Expires)
Jan-25	18.1	$123.94	$190.07	8.90%	13.64%
Feb-25	18.7	$162.64	$194.95	11.67%	13.99%
Mar-25	14.8	$132.29	$159.00	9.49%	11.41%
Apr-25	10.2	$95.71	$115.57	6.87%	8.29%
May-25	5.7	$59.77	$73.09	4.29%	5.25%
Jun-25	3.4	$ 41.38	$51.29	2.97%	3.68%
Jul-25	1.5	$26.30	$33.21	1.89%	2.38%
Aug-25	1.6	$29.02	$34.29	2.08%	2.46%
Sep-25	2	$32.52	$37.94	2.33%	2.72%
Oct-25	2.7	$38.58	$44.28	2.77%	3.18%
Nov-25	7.6	$80.94	$90.51	5.81%	6.50%
Dec-25	15.1	$146.73	$161.38	10.53%	11.58%
2025 TOTAL	**101.4**	**$969.82**	**$1,185.58**	**5.80%**	**7.09%**

If NFG's proposal is approved, the annual gas bill energy burden for confirmed low income customers with average income and average residential usage would increase by more than a full percentage - from approximately 5.8% to approximately 7.1%.[108] In winter

[106] *Id.* at 15-17, T. 2.
[107] CAUSE-PA St. 1 at 16, T. 2, citing to NFG Response to OCA IV-15, Attachment; NFG Response to CAUSE-PA 1-19.
[108] CAUSE-PA St. 1 at 15-17, T. 2.

months, low income households will pay a full 2.5% more of their income toward gas costs alone – raising average gas burdens for low income households for December through March from 10.15% to 12.66%. The gas burden on these customers is already much higher than what the Commission considers affordable, and NFG is proposing to raise it substantially higher.[109]

As addressed above, NFG's low income customers already carry a disproportionate amount of debt and are far more likely to have their service terminated for nonpayment.[110] If NFG's proposed rate increase is approved, these pronounced disparities in debt and termination rates will increase, as will the consequences to the health and safety of low income customers and their households and the corresponding level of uncollectible expenses which are recovered from all ratepayers.[111] These outcomes are neither just nor reasonable, and contradict the fundamental role of the Commission in setting rates for basic, life essential utility services.

C. NFG's rate design and WNA mechanism proposals further exacerbate negative outcomes for low income consumers.

NFG's proposed rate design, together with its permanent WNA proposal, erodes the ability of low income customers to control energy costs or mitigate the effects of any rate increase through reduced usage or energy efficiency measures.[112] These rate mechanisms also have a direct impact on universal service programs, further driving up costs for

[109] *Id.* at 17.
[110] *Id.* at 17-19.
[111] *Id.* at 17.
[112] *Id.* at 51-53, 58.

participants and other residential customers and contradicting the statutory and regulatory objectives of the programs.[113]

NFG proposes a massive 35.7% increase to its residential fixed customer charge – from $14 per month to $19 per month.[114] This staggering hike to the fixed monthly charge would diminish customers' ability to control costs through energy conservation and consumption reduction, subvert the explicit purpose of LIURP to reduce customer bills, and undermine the effectiveness of millions of dollars in existing LIURP investments.[115] In addition, it would undermine the goals of NFG's proposed Energy Efficiency Pilot Program, making the program even less accessible and less capable of delivering bill savings to consumers.[116] NFG's existing fixed monthly charge already recovers the majority of its customer-related costs and its proposal, if approved, would make NFG's fixed charge exceed the average fixed charge for Pennsylvania NGDCs[117] and comprise an unreasonably high proportion of a customer's monthly bill.

In addition to the high fixed charge it proposes, NFG seeks to make its pilot WNA charge into a permanent component of its rate design, barely halfway through the authorized pilot period.[118] NFG purports its WNA works bidirectionally, protecting the Company and customers from weather variability in equal measure, but the pilot's results bear out the reality: this inequitable alternative rate mechanism is "a one-way ratchet" that

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[113] CAUSE-PA St. 1 at 52-53, 60; 66 Pa. C.S. §§ 2202, 2203 (8); 52 Pa. Code § 58.1.
[114] CAUSE-PA St. 1 at 51.
[115] CAUSE-PA St. 1 at 52-53; OCA St. 1 at 74-76; I&E St. 3 at 15-16; WPTF St. 1 at 4-5.
[116] CAUSE-PA St. 1 at 53.
[117] OCA St. 1 at 71-73.
[118] CAUSE-PA St. 1 at 5, 54.

has enabled NFG to extract nearly $6.5 million in additional revenue from residential and low income customers, even accounting for the cold winter Pennsylvania experienced in 2025-2026.[119] NFG's WNA inappropriately shifts the risk of warming weather onto customers through a convoluted formula that deprives consumers of savings gained through efficiency or conservation.[120]As discussed in Section X., below, NFG's WNA contradicts the enumerated factors in the Commission's Distribution Rates Policy Statement[121] and must be denied.

In operation, NFG's high fixed charge and alternative ratemaking proposals work together to insulate NFG from the financial impacts of changing usage patterns, whether attributable to warming weather or careful conservation. This inappropriately shifts normal business risks to consumers and, in turn, perverts foundational ratemaking principles – converting the *opportunity* to earn an authorized level of profit into a functional *guarantee.*[122]

D. Critical enhancements to CAP, LIURP, and NFN are imperative to help mitigate energy insecurity for NFG customers and, in turn, to reduce collections costs and termination rates.

Substantial evidence outlined in detail throughout this Main Brief shows that NFG's universal service and energy conservation programs are grossly undersubscribed and require substantial improvement to mitigate acute energy insecurity. Universal service

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[119] OCA St. 1 at 33-34, 38; CAUSE-PA St. 1-SR at 23.
[120] CAUSE-PA St. 1 at 57-58; OCA St. 1 at 38.
[121] 66 Pa. C.S. § 1330; 52 Pa. Code §§ 69.3301-.3302.
[122] *Pa. Gas & Water Co. v. Pa. PUC*, 341 A.2d 239, 251 (Pa. Commw. Ct. 1975); *Bluefield Water Works & Improvement Co. v. Public Serv. Comm'n of W.Va*., 262 U.S. 679, 692-93 (1923); *Federal Power Comm'n v. Hope Natural Gas Co*., 320 U.S. 591, 603 (1944).

issues are, first and foremost, customer service and standard of service issues, and as such, Chapter 15 of the Public Utility Code requires that NFG implement reforms to its universal service programs to help ensure the Company's low income customers can reasonably access and maintain service to their homes.[123] These reforms are necessary to achieve the universal service and energy conservation mandates enshrined in the Choice Act which require implementation of "policies, practices and services that help residential low-income retail gas customers …to maintain natural gas supply and distribution services"[124] – and are especially critical if the Commission were to approve any rate increase in this proceeding.

First, NFG must improve access to and enrollment in CAP, which currently reaches only 10.8% of the estimated eligible population.[125] As discussed, CAP enrollment substantially reduces termination rates and corresponding collections costs.[126] CAUSE-PA outlines a variety of methods – including expanded utilization of LIHEAP data, expanded efforts to address program attrition, and improved data tracking and reporting – which would measurably improve enrollment rates.[127]

The Commission must also reign in NFG's chronic LIURP underspending.[128] NFG has historically left hundreds of thousands of dollars authorized to provide usage reduction services to low income customers unspent year after year.[129] NFG's failure to expend its

[123] 66 Pa. C.S. § 1501.
[124] 66 Pa. C.S. §§ 2202, 2203 (8).
[125] CAUSE-PA St. 1 at 27.
[126] *Id.* at 28.
[127] *See infra* section XII.
[128] CAUSE-PA St. 1 at 41.
[129] *Id.*

LIURP budget undermines the program's ability to provide meaningful usage and bill savings to uniquely vulnerable households who lack the financial means to save energy costs by adopting energy savings measures without assistance.[130] In addition to correcting consistent underspending, the Commission should also require that NFG end its exclusion of the substantial proportion of its low income customers who reside in mobile homes from participating in LIURP.[131]

Further, the Commission must require that NFG act to address the dangerously low funding level of the Company's NFN hardship fund, which was entirely depleted in February 2026, to ensure that NFN is appropriately funded.[132] Rising numbers of grants distributed through the NFN, coupled with high arrearage rates for income eligible customers, demonstrate the need for emergency grant assistance in NFG's service territory, but funding for this vital universal service program has fallen to critical levels.[133] Although NFG released its annual shareholder contribution early to avoid suspending NFN, this is only a temporary solution to a problem that is chronic and will recur without Commission intervention.[134] NFG did not propose any changes to the NFN in its rate request, but through discovery, NFG revealed that it is evaluating certain changes to restrict NFN eligibility and reduce grant amounts.[135] As discussed in Section XII.C. below, the Commission should not allow NFG to implement changes to restrict NFN's availability

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[130] CAUSE-PA St. 1 at 39, 41-42.
[131] *Id.* at 42-43.
[132] CAUSE-PA St. 1 at 47.
[133] *Id.*
[134] *Id.*
[135] CAUSE-PA St. 1 at 48.

and grant amounts through this proceeding because the Company has not formally proposed such changes to NFN.[136] The Choice Act requires the Commission to ensure that NFG's universal service programming is not eroded.[137] As such, to address the critical level of funding for the NFN, the Commission should order NFG to take action to increase NFN's available funding - rather than allow NFG to make NFN less available to customers in need.[138]

The Commission must also reject NFG's effort to launch its proposed EE Pilot without dedicated and proportionate low income programming.[139] The proposed pilot is neither just nor reasonable, as vulnerable low income households would be required to pay for the program without any realistic opportunity to participate. [140] NFG's proposed EE Pilot stands in stark contrast to the policy framework for energy efficiency programs established by the statutory and regulatory requirements imposed on Electric Distribution Companies (EDCs) in the context of Act 129 energy efficiency programs.[141] NFG is an NGDC, not an EDC, and is therefore not subject to the explicit requirements of Act 129, but the law provides a rubric for the structure of voluntary utility efficiency programs.[142] NFG's EE Pilot, without any dedicated and proportionate low income programming, is flatly out of step with the Commission's established energy efficiency program policy

[136] *See infra* Section XII.C.
[137] 66 Pa. C.S. § 2203(7).
[138] CAUSE-PA St. 1 at 50.
[139] *Id.* at 62-64.
[140] *Id.*
[141] *Id.* at 63-64; *See* 66 Pa. C.S. § 2806.1 (b)(1)(i)(G).
[142] CAUSE-PA St. 1 at 63; *See* Sec. Letter, *Voluntary Energy Efficiency and Conservation Programs* (Dec. 23, 2009) filed at Docket No. M-2009-2142851.

framework and should be rejected unless proportionate low income programming is provided for.[143]

IV. RATE BASE

CAUSE-PA did not take a position related to rate base but reserves the right to address any issue raised by other parties in its Reply Brief.

V. OPERATING SALES AND REVENUES

A. CUSTOMER SALES AND REVENUES

CAUSE-PA did not take a position related to customer sales and revenues but reserves the right to address any issue raised by other parties in its Reply Brief.

B. GAS SUPPLY REVENUE

CAUSE-PA did not take a position related to gas supply revenue but reserves the right to address any issue raised by other parties in its Reply Brief.

C. OTHER REVENUES

CAUSE-PA did not take a position related to other revenues but reserves the right to address any issue raised by other parties in its Reply Brief.

D. REVENUE INCREASE

CAUSE-PA opposes any revenue increase in this proceeding. Should the Commission determine that any increase is warranted, in balancing the interests of the utility and the public, the Commission should approve the lowest reasonable rate increase that allows NFG the opportunity to earn a fair rate of return on its investment while

[143] CAUSE-PA St. 1 at 63-64.

ensuring that it can maintain safe and reliable service to the public.[144] That amount is no more than the $4,305,000 recommended by the OCA in its testimony submitted in this proceeding, at its recommended overall rate of return of 7.66% at its adjusted 50% equity and 50% debt capital structure.[145] NFG has not met its burden of proof that it is entitled to its revised revenue request of $18,475,000, let alone its original revenue request of $19,680,000.[146] There is simply insufficient evidence in the record to support an increase of this size where substantial evidence exists that a much lower revenue increase would be sufficient and fair to NFG considering the impact to consumers. If the Commission were to grant an increase higher than that recommended by the OCA in its testimony, it would unreasonably tip the scale in favor of NFG's shareholders at the expense of NFG's customers.

The Commission must determine in the context of this proceeding whether NFG's existing and proposed rates and terms and conditions of service are just and reasonable.[147] As OCA witness Deupree explains, public utilities are considered natural monopolies that are subject to regulation "designed as a substitute for the disciplining forces that would be found in competitive markets that prevent an industry from using its unfettered monopolistic powers to set prices and conditions of service."[148] The Commission's regulatory oversight must be rigorous and should be designed to ensure that utilities charge

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144 *See e.g.*, *Federal Power Comm'n v. Hope Nat'l Gas Co.*, 320 U.S. 591, 603 (1944) ("[T]he fixing of 'just and reasonable rates', involves a balance of the investor and consumer interests.").
145 OCA St. 2-SR at 2; OCA St. 3-SR at 35.
146 NFG St. 2-R at 3.
147 *See supra* Section I.B.
148 OCA St. 1 at 7.

no more than they would be able to charge in the presence of actual competition for their services. That is, the Commission's core function is to act as a proxy for competition and ensure that rates are not higher than necessary. This principle, that it is the job of the Commission to restrain the monopolistic tendencies of public utilities, is not new or novel – it is foundational to the role of regulators. The PUC reaffirmed this principle in its Fully Projected Future Test Year Final Rulemaking Order when it said: "[i]nherent in the 'cost of providing service' principle of ratemaking is the recognition that public utilities are natural monopolies and that the PUC's oversight through cost-of-service ratemaking regulation serves as a proxy for a competitive market in appropriately restraining, or exerting downward pressure on, the profit-maximizing prices a monopoly could otherwise charge in the absence of price regulation."[149]

It would be unreasonable for the Commission to assume that the component parts that comprise NFG's revenue requirement – an 11% ROE[150] and an equity rich capital structure[151] – would be awarded in a competitive market for a safe investment gas distribution utility with a monopoly service territory. As Vice Chair Kimberly Barrow remarked during the February 19, 2026 Public Meeting to express her concern regarding NFG's proposed rate of return (ROR), return on equity (ROE), and capital structure, "[d]eviations in each of these items translate into millions of dollars charged to customers

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[149] *Use of Fully Projected Future Test Year*, 52 Pa. Code Chapter 53, PUC Docket No. L-2012-2317273, Final Form Order at 4 (order entered January 8, 2025), available at: https://www.puc.pa.gov/pcdocs/1874340.pdf

[150] NFG St. 2-R at 3. In rebuttal, NFG revised its requested ROE from 11.25% to 11% due to the removal of a management performance adder of 0.25%.

[151] NFG St. 11 at 4. NFG proposes a capital structure of 56.4% common equity and 43.6% long-term debt.

of all rate classes."[152] NFG acknowledged that dropping its request for a 25 basis point management efficiency adjustment to the ROE was the "primary driver" of the $1.2 million decrease in NFG's requested revenue requirement between its initial rate filing and its rebuttal proposal, demonstrating how an excessive ROE extracts millions of dollars from customers each year.[153] If customers could vote with their feet and choose another gas utility, they certainly would choose one that had a much lower profit margin than that which is sought by NFG in this case. While discussed more fully below in regard to the authorized ROE,[154] it bears mentioning here that NFG's grossly inflated ROE request of 11% is a major driver of the Company's revenue requirement request.[155] At the gap of 126 basis points between the OCA's recommended ROE of 9.74%[156] and NFG's recommended ROE of 11%, the reduction to the more reasonable, market-based ROE of the OCA would save ratepayers millions per year assuming no other change. Making this change alone – while allowing NFG all of its claimed expenses – would allow NFG to undertake all the rate base additions and improvements that it sought in this case while still providing it with a fair opportunity to earn a reasonable return that is supported by record evidence.[157]

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[152] *Statement of Vice Chair Kimberly Barrow Re: Pa. PUC v. National Fuel Gas Distribution Corporation*, Docket No. R-2025-3059428, Public Meeting (Feb. 19, 2026).
[153] NFG St. 1-R at 5.
[154] *See infra* Section VIII.D.
[155] *See* OCA St. 3-SR at 33, "[A]dopting a more balanced capital structure and a lower, market-supported ROE can reduce the revenue requirement without disallowing prudent investment."
[156] OCA St. 3-SR at 35. The OCA's primary recommendation is an ROE of 9.74% at a 50%/50% capital structure. The OCA's alternative recommendation is an ROE of 9.06% at NFG's proposed 56.40%/43.60% capital structure.
[157] *See* OCA St. 3 at 5-7; OCA St. 3-SR at 33-34.

NFG is proposing in this proceeding to substantially increase its rates, and to implement a series of tariff changes which would increasingly shift financial risk to NFG's customers, including a high fixed customer charge and a permanent WNA. As discussed herein, thousands of economically vulnerable NFG customers are already being priced out of being able to access NFG's services because of NFG's already high revenue requirement and resulting rates: 3,898 confirmed low income customers experienced payment trouble in January 2026[158] and 3,344 confirmed low income customers had service involuntarily terminated in 2025.[159] CAUSE-PA opposes any rate increase above that recommended by the OCA as NFG has failed to meet its burden of proof to demonstrate that its proposed rates, associated revenue requirement, and associated terms and conditions of service are just, reasonable, and in the public interest.

To the extent that the Commission authorizes NFG to increase its revenue requirement and associated rates in this proceeding, CAUSE-PA urges the Commission, as outlined more fully below, to implement robust reforms to NFG's programs, policies, and procedures so that NFG's struggling customers, particularly its low income customers, can access basic services necessary to their health and well-being, as outlined in this Main Brief.

[158] CAUSE-PA St. 1, App. B, NFG Response to CAUSE-PA 1-21, Attachment 1-21.
[159] CAUSE-PA St. 1 at 18.

VI. OPERATING EXPENSES

A. COMPANY'S CLAIMED O&M EXPENSES

CAUSE-PA did not take a position related to the Company's claimed O&M expenses but reserves the right to address issues raised by other parties in its Reply Brief.

B. RATE CASE EXPENSE

CAUSE-PA did not take a position related to rate case expense but reserves the right to address any issue raised by other parties in its Reply Brief.

C. INCENTIVE COMPENSATION EXPENSE

CAUSE-PA did not take a position related to incentive compensation expense but reserves the right to address any issue raised by other parties in its Reply Brief.

D. PAYROLL EXPENSE AND RELATED

CAUSE-PA did not take a position related to payroll expenses and related issues but reserves the right to address any issue raised by other parties in its Reply Brief.

E. MEMBERSHIP DUES EXPENSE

CAUSE-PA did not take a position related to membership dues expense but reserves the right to address any issue raised by other parties in its Reply Brief.

F. CUSTOMER PAYMENT TRANSACTION COSTS

CAUSE-PA strongly supports OCA's recommendation that NFG transition to a fee-free payment system that enables customers to pay their bills through a broad range of payment options, including online payments, without a payment fee.[160] Currently, NFG customers making payments by means other than mailing a check or automated payment

[160] OCA St. 5 at 16.

from a customer's checking account must pay a fee that is added to their bill amount.[161] Payment fees added $815,559 to customers' bills in 2024 and $930,384 in 2025.[162] As OCA witness Ms. Wise explained, these fees are particularly burdensome for low income customers, who often need to make last-minute payments to avoid having their service terminated.[163] Further, eliminating fees for online payment methods could lead to increased adoption of those methods, which in turn "may also yield operational benefits, including reduced billing costs, improved payment timeliness, and lower collection-related expenses."[164] The Commission should require NFG to transition to a fee-free payment system with the effective date of rates in this proceeding.

G. DEPRECIATION EXPENSE

CAUSE-PA did not take a position related to depreciation expense but reserves the right to address any issue raised by other parties in its Reply Brief.

H. OTHER EXPENSE ADJUSTMENTS

CAUSE-PA did not take a position related to other expense adjustments but reserves the right to address any issue raised by other parties in its Reply Brief.

VII. TAXES

CAUSE-PA did not take a position related to any tax issues in this proceeding but reserves the right to address any issue raised by other parties in its Reply Brief.

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[161] *Id.*
[162] *Id.*
[163] Id.
[164] OCA St. 5-SR at 13.

VIII. RATE OF RETURN

A. INTRODUCTION

Utility shareholders are allowed a return "on" capital expenses because they dedicated their money to this purpose as opposed to something else – they essentially loaned money to customers either in the form of borrowed funds (debt) or shareholder dollars (equity). These two things taken together equal the rate of return (ROR) that a utility is allowed.[165] This return must be adequate to cover the cost of capital, but a utility "has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures."[166] In this case, the most reasonable and well balanced representation of the cost of capital was presented by OCA witness Maureen L. Reno. The Commission should adopt the OCA's recommended return on equity (ROE) of 9.74% which when blended at NFG's actual cost of debt of 5.58% at the OCA's recommended capital structure of 50% equity and 50% debt would produce an overall ROR of 7.66%.[167] As Ms. Reno explained, NFG has not demonstrated – with substantial evidence – that NFG faces materially greater financial risk than its peers.[168] As such, the OCA's recommended ROR is a far more reasonable return that balances the needs of NFG with its customers and is adequate to cover the cost of capital, in line with the *Hope* and *Bluefield* standards, which

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[165] OCA St. 3 at 21.
[166] *Bluefield Water Works & Improvements Co. v. Public Service Comm. of West Virginia*, 262 U.S. 679, 692-93 (1923).
[167] OCA St. No. 3-SR at 3.
[168] *Id.*

"which require a return comparable to returns available on investments of similar risk and sufficient to maintain financial integrity and attract capital on reasonable terms".[169]

In contrast, the rate of return sought by NFG of 8.78%, including its originally requested ROE of 11.25% at its highly skewed capital structure which comprises of 56.4% equity and 43.6% long term debt,[170] would create a wealth transfer from NFG's customers to its shareholders, would exacerbate the affordability challenges that NFG's customers are already facing, and would needlessly enrich NFG's shareholders at the expense of its customers. CAUSE-PA opposes NFG's attempts at extractive economics as its proposals are excessive and profoundly undercut the ability of NFG's customers to access affordable rates.[171] CAUSE-PA urges the Commission to exercise its discretion to restrain NFG's attempts to impose an unreasonably high ROE at an equity-rich capital structure.

B. CAPITAL STRUCTURE

NFG is proposing an inequitable and distorted capital structure that would result in exceedingly high revenue requirements for its ratepayers, needlessly and unreasonably exacerbating rate unaffordability for NFG's customers. The Commission should impute the more reasonable 50/50 capital structure suggested by the OCA for ratemaking purposes because, as explained by OCA Witness Ms. Reno, NFG's proposed capital structure

[169] *Federal Power Comm'n v. Hope Nat'l Gas Co*., 320 U.S. 591, 603 (1944) ("[T]he fixing of 'just and reasonable rates', involves a balance of the investor and consumer interests"); *Bluefield Water Works & Improvements Co. v. Public Service Comm. of West Virginia*, 262 U.S. 679, 692-93 (1923). OCA St. 3-SR at 3: 10-11.
[170] NFG St. 10 at 55.
[171] *See* OCA St. 3-SR at 32-33.

exceeds both the average equity ratio approved by regulatory commissions in recent years and exceeds the proxy group average and median expected for 2026.[172]

The Commission has an abundance of discretion in determining whether NFG's proposed capital structure should be approved and should exercise that discretion to protect NFG's ratepayers from bearing excessive monthly bills which will result if the Company's inequitable capital structure is approved.[173] Specifically, while the Commission has recognized that it *may* modify a utility's capital structure where it is "atypical or too heavily weighted on either the debt or equity side,"[174] courts have directed the Commission that it *must* do so. Pennsylvania Courts have held that the capital structure of utilities that are wholly-owned subsidiaries – like NFG[175] – may not be one which it would maintain if it were obliged to obtain its debt and equity financing on the open market rather than from a parent company.[176] The Court further explained:

> In such instances the actual capital structure may be weighted too heavily on the debt side or the equity side…The use of the actual capital structure in such peculiar circumstances might be unfair to either the utility or its customers, depending upon whether debt or equity is disproportionately high. *Under such circumstances the commission must make adjustments based upon substantial evidence in order to reach a fair result.*[177]

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[172] OCA St. 3 at 24.
[173] *See* OCA St. 3-SR at 33.
[174] *Pa. PUC v. Columbia Gas of Pa.*, Docket No. R-2025-3053499 at 212 (Opinion and Order dated December 9, 2025) (internal citations to authority omitted).
[175] OCA St. 3 at 25.
[176] *Riverton Consol. Water Co. v. Pa. P.U.C.*, 140 A.2d 114, 121 (Pa. Super. Ct. 1958) (*Riverton)*.
[177] *Riverton*, 140 A.2d at 121 (emphasis added).

This is such a case. NFG's capital structure is equity-skewed[178] at the expense of consumers and has the effect of artificially increasing the rate of return required in this case. Thus, CAUSE-PA urges the Commission to use its discretion to impute a more equitable capital structure which is not so heavily skewed towards equity and which swells NFG's revenue requirement.[179] Specifically, CAUSE-PA recommends that the Commission adopt the 50% debt, 50% equity capital structure recommended by the OCA.[180]

Vice Chair Barrow has acknowledged the inherent reasonableness of a 50-50% capitalization ratio: "On several occasions, regulated utilities have requested to be awarded common equity ratio and debt capital outside of the apparently reasonable 50% equity and 50% debt capital structure, along with their requested return on equity (ROE)."[181] In this proceeding, Vice Chair Barrow urged the parties to make a critical examination of NFG's requested ROR, ROE, and capital structure, highlighting that:

> Deviations in each of these items translate into millions of dollars charged to customers of all rate classes. Too often, the relationship between debt and ROE to cost of debt and capital is asserted as a general matter from basic economic principle alone. But, those relationships are not established empirically. That empirical relationship must periodically be re-established. Therefore, I believe a careful and detailed review of NFG's claimed capital structure and ROE is warranted.[182]

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[178] OCA St. 3 at 23.
[179] CAUSE-PA St. 1 at 16: 4-15.
[180] OCA St. 3 at 25.
[181] *Statement of Vice Chair Kimberly Barrow Re: Pa. PUC V. PPL Electric Utilities Corporation*, Docket No. R-2025-3057164, Public Meeting (Oct. 23, 2025).
[182] *Statement of Vice Chair Kimberly Barrow Re: Pa. PUC v. National Fuel Gas Distribution Corporation*, Docket No. R-2025-3059428, Public Meeting (Feb. 19, 2026).

As such, the Commission "must make adjustments based upon substantial evidence in order to reach a fair result"[183] and exercise its discretion to protect NFG's captive ratepayers, including tens of thousands of categorically economically vulnerable customers, from NFG's proposals to inequitably skew its capital structure.

C. DEBT COST RATE

CAUSE-PA did not take a position related to debt cost rate but reserves the right to address any issue raised by other parties in its Reply Brief.

D. RETURN ON COMMON EQUITY

NFG is entitled only to a fair rate of return on its investment, not an excessive return.[184] The Commission should disallow NFG's effort to impose an 11% return on common equity[185] on its ratepayers as it would be an exercise of a monopoly to extract an excessive return without regard to customer's ability to pay. NFG alleges that its current rates would produce a return on equity at the end of the Fully Projected Future Test Year (FPFTY) of 6.87% which NFG alleges is inadequate.[186] NFG argues that it requires 1.6 times its current return – or 11% return on common equity (ROE).[187] NFG's requested ROE is also nearly two times higher than NFG's cost of debt.[188]

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[183] *Riverton*, 140 A.2d at 121.
[184] *Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 692-93 (1923).
[185] NFG St. 2-R at 3. In rebuttal, NFG revised its requested ROE from 11.25% to 11% due to the removal of a management performance adder of 0.25%.
[186] NFG St. 1 at 7.
[187] NFG St. 10 at 3.
[188] *Id.* at 55.

While CAUSE-PA did not make a recommendation in this proceeding related to a specific, lower ROE, CAUSE-PA is supportive of the ROE request set forth by OCA's witness Ms. Reno of 9.74% at a 50/50 capital structure.[189] The Commission, when determining NFG's fair rate of return, should also ensure that this rate is as low as possible, so that ratepayers are not inequitably and unjustly impacted.[190] Granting any increase to NFG's ROE directly increases how much its customers pay on their monthly bills.[191]

CAUSE-PA urges the Commission to reject NFG's proposed ROE, which will result in an unjust transfer of wealth from NFG's financially vulnerable customers to NFG's already financially well compensated shareholders. Instead, the Commission should permit an ROE which is as low as possible, and fair not only to NFG's shareholders, but also its customers who already struggle to afford their monthly bills.[192]

E. MANAGEMENT PERFORMANCE

The Commission should reject NFG's request for a 25 basis point adder to its ROE because the Company has failed to put forward substantial evidence of management effectiveness.[193] At the outset, CAUSE-PA acknowledges that NFG has dropped its request for a 25 basis point adder based on management efficiency.[194] As OCA witness LeeAnn M. Wise explained, NFG's management performance is generally average, with customer

[189] OCA St. 3-SR at 3.
[190] *See* OCA St. 3-SR at 33.
[191] OCA St. 3-SR at 33.
[192] *Id.*
[193] OCA St. 3 at 60.
[194] NFG St. 1-R at 5.

service performance in specific areas at or below the average level of other NGDCs.[195] The CAP enrollment rate is a critical customer service performance metric, and the dramatic under-enrollment of NFG's CAP, with an enrollment rate of just 25% of confirmed low income customers,[196] amounts to a failure to provide customers with the most advantageous rate available[197] - underscoring the fact that a management efficiency adder is inappropriate here. Further, such an adder would be duplicative, because as OCA Witness Ms. Reno explained, the Company's base ROE proposal was already based on market data from comparable companies, which "inherently reflect investor expectations regarding management quality, operational efficiency, and execution risk," and as such, an adder would double count a factor that is already accounted for.[198] The Commission should not authorize a 25 basis point adder based on NFG's management performance.

F. CONCLUSION AS TO RATE OF RETURN

The Commission is the only check on the monopolistic tendencies of all regulated utilities in the Commonwealth. It must exercise the authority it has to ensure that NFG does not extract from its customers more revenue than is necessary to recover its expenses and a fair rate of return on its investments. There is substantial evidence in the record that supports the OCA's ROE of 9.74% at a 50/50 equity to debt capital structure as sufficient for NFG to attract capital and earn a reasonable and fair rate of return. Enacting this

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[195] OCA St. 5 at 7-12.
[196] CAUSE-PA St. 1 at 27.
[197] 66 Pa. C.S. § 1303 ("Any public utility, having more than one rate applicable to service rendered to a patron, shall, after notice of service conditions, compute bills under the rate most advantageous to the patron.")
[198] OCA St. 3 at 61.

authorized ROE would save ratepayers millions each year as compared to NFG's requested ROE. CAUSE-PA urges the Commission to exercise its discretion to restrain NFG's excessive requests and impute an equitable ROE as proposed by the OCA at a 50/50 capitalization ratio.

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

A. ALLOCATED CLASS COST OF SERVICE STUDY

CAUSE-PA did not take a position related to allocated class cost of service study issues but reserves the right to address any issue raised by other parties in its Reply Brief.

B. REVENUE ALLOCATION

CAUSE-PA opposes any revenue increase in this proceeding. Should the Commission determine that any revenue increase is warranted, CAUSE-PA supports the revenue allocation proposed by the OCA, as set forth in its testimony in this proceeding.[199] As OCA witness Mr. Deupree explained, revenue apportionment that is strictly based on a full cost of service basis can yield significant adverse rate impacts for under-earning customer classes. [200] As such, Mr. Deupree explained, regulators often temper the revenue responsibilities of those customer classes to achieve policy goals, including fairness, gradualism, rate continuity, and the understandability of rates.[201] Under the Company's proposed revenue allocation, base rates would increase by 14.38% on a system-wide basis, but would increase by 15.82% for the residential customer class and 9.67% for commercial

[199] OCA St. 1 at 68.
[200] *Id.* at 64.
[201] *Id.* at 64.

and industrial customer classes.[202] However, the OCA's proposed revenue allocation would produce a base rate increase of 14.34% for the residential, commercial, and industrial classes alike – promoting fairness and consistency with the principle of gradualism.[203] To promote these critical ratemaking policy goals, the Commission should require NFG to adopt the OCA's recommended revenue allocation.

C. RATE DESIGN

1. SUMMARY OF PROPOSED RATE DESIGN

To preserve customers' ability to mitigate the impact of any authorized rate increase in this proceeding through energy efficiency, usage reduction, and conservation, the Commission should reject NFG's proposal to increase its residential customer charge. Should the Commission authorize any increase to the residential customer charge, it should be subject to scale back proportionally based on the cost of service study the Commission ultimately approves in this proceeding. In addition, the Commission should require NFG to post its one-time $30 other post-employment benefits (OPEB) refund credit to low income customers' bill during a winter billing cycle between the months of December through March. The Commission should require that NFG pair delivery of the OPEB refund credit with outreach to customers receiving it to explain the Company's universal service programs and provide instructions on how to apply for CAP.

[202] *Id.* at 67.
[203] *Id.* at 68-69.

2. RESIDENTIAL RATE DESIGN

The Commission should reject NFG's proposed increase to its residential customer charge. If approved, NFG's proposed residential customer charge would comprise an unreasonably large proportion of a customer's monthly bill that would severely diminish the ability of residential consumers to offset the impact of NFG's rate increase through efficiency and conservation – falling hardest on low income households that rely on conservation to help control costs and exacerbating the already-pronounced affordability gap.[204] The proposed customer charge increase would undermine the Commission's policy promoting cost savings through energy efficiency and usage reduction by undercutting the goals of NFG's LIURP as well as its proposed EE Pilot.[205] NFG's residential customer charge should remain at its current level.

NFG proposes to increase its residential customer charge by 35.7% – from $14 to $19 per month – and to increase its volumetric usage charge by 12.2% – from 34.064¢ to 38.233¢ per 100 cubic feet.[206] In addition, NFG proposes imposing a new Rider D on residential customers to recover approximately $0.7 million annually for its proposed EE Pilot.[207] According to the Company, the total bill increase for a residential customer using 80 Ccf of gas monthly would be $4.95 per month, but only until the one-year OPEB refund rider expires, after which residential customers would experience the full monthly bill

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[204] CAUSE-PA St. 1 at 51; CAUSE-PA St. 1-SR at 19-20.

[205] CAUSE-PA St. 1 at 52-54; OCA St. 1 at 78; 52 Pa. Code § 58.1 "A reduction in energy usage creates the opportunity for cost savings, which can lessen the incidence and risk of customer payment delinquencies and the attendant public utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs."

[206] CAUSE-PA St. 1 at 50-51.

[207] *Id.* at 61.

increase of $6.79 per month – $81.48 annually – over current rates.[208] Of this amount, 74% of the increase would be locked in through the $5 hike to the customer charge, and just 26% would be recovered through the volumetric charge – and therefore be mitigable through usage reduction. After the OPEB refund expires, a customer using 80 Ccf per month would have a monthly bill of $90.28, of which over one-fifth (21%) would be the residential customer charge.[209]

As discussed above, when setting just and reasonable rates, the Commission must weigh important ratemaking concerns including quality of service, rate gradualism, and rate affordability alongside consideration of the utility's cost of providing service. [210] The ability to control costs through effective conservation tools is a critical aspect of rate affordability, particularly for low income households.[211] Whether a rate design enables a customer to mitigate rate unaffordability through usage reduction is therefore central to evaluating that rate design's justness and reasonableness.

As the Commission has acknowledged, rate designs with fixed charges comprising an unreasonably large proportion of customer bills "penalize those customers who have invested in energy efficiency and minimized their consumption" and are "an obstacle to financial stability" for low income households that rely on conservation to afford energy

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[208] *Id.* at 4.
[209] *Id.* at 4-5, [$19 ÷ $90.28 = 21%].
[210] *Pa. PUC v. Columbia Gas of Pa., Inc.*, Order, Docket No. R-2020-3018835, at 46-47 (order entered Feb. 19, 2021) (citing 66 Pa. C.S. §§ 523, 526(a); *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Commw. Ct. 2006); *Pa. PUC v. Twin Lakes Util., Inc.*, 2020 Pa. PUC LEXIS 340, *46-54 (order entered Mar. 26, 2020).
[211] *See* CAUSE-PA St. 1 at 53.

costs.[212] In Columbia Gas of Pennsylvania, Inc.'s 2025 rate increase request [*Columbia Gas 2025*], the company sought an increase to its customer charge, which comprised approximately 12.6% of a customer's bill before the rate proceeding, to an amount that would have resulted in a rate design with the customer charge comprising approximately 20.7% of a customer's bill.[213] The Commission rejected the company's proposal, instead authorizing a customer charge that comprised 14.9% of a customer's bill.[214] The Commission found this "to be to be a reasonable compromise between the conflicting objectives of moving towards cost-based rates, while reflecting gradualism and preserving adequate opportunity for customer savings due to conservation efforts."[215]

Here, under current rates, NFG's customer charge represents 16.8% of a customer's bill– already exceeding the proportion the Commission ordered in *Columbia Gas 2025*.[216] Under the Company's proposal, the customer charge would jump to 21% of a customer's bill – an even greater proportion than the Commission refused to authorize for Columbia.[217] If NFG's rate increase were approved in full, to match the 14.9% proportion the Commission found to be a reasonable compromise in *Columbia Gas 2025*, NFG's fixed charge would in fact be <u>reduced</u> to $13.45 per month.[218] To preserve adequate opportunities

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[212] *Pa. PUC v. Columbia Gas of Pa., Inc.*, Opinion and Order, Docket No. R-2025-3053499 at 279 (Order entered Dec. 4, 2025).
[213] *Id.* at 282.
[214] *Id.*
[215] *Pa. PUC v. Columbia Gas of Pa., Inc.*, Opinion and Order, Docket No. R-2025-3053499 at 280 (Order entered Dec. 4, 2025).
[216] CAUSE-PA St. 1 at 4, [$14 ÷ $83.49 = 16.8%].
[217] *Id.* at 4.
[218] [$13.45 ÷ $90.28 = 14.9%].

for customer savings due to conservation efforts, the Commission should authorize no increase to NFG's residential customer charge in this case.[219]

A rate structure with a high proportion of a customer's bill locked into fixed charges violates the Commission's policies encouraging energy efficiency and conservation, as it hinders customers' ability to reduce their bills through conservation or energy efficiency measures.[220] Every dollar that is locked into the customer charge undermines the ability of consumers to mitigate the rate increase through conservation, which – as noted – has a disproportionate impact on low and moderate income households that rely more heavily on the ability to reduce their bill through conservation.[221] As the Commission has recognized, "the ability of consumers (the most vulnerable of which are low income customers not enrolled in CAP) to save money on their distribution bills through energy efficiency investment or conservation is reliant on a bill structure that bases the recovery of costs on volumetric throughput."[222] But as a greater proportion of residential customer bills is shifted to the fixed charge, the achievable bill savings – and the corresponding impact on bill payment ability – will erode.[223]

Of particular concern, NFG's proposal undermines the explicit goals of the Company's Low Income Usage Reduction Program (LIURP) to help low income, high

[219] CAUSE-PA St. 1-SR at 20.
[220] CAUSE-PA St. 1 at 51-53; OCA St. 1 at 74; WPTF St. 1 at 4-5.
[221] CAUSE-PA St. 1 at 51-53.
[222] *Pa. PUC v. Columbia Gas of Pa., Inc.*, Opinion and Order, Docket No. R-2025-3053499 at 279 (order entered Dec. 4, 2025).
[223] CAUSE-PA St. 1 at 53.

usage customers reduce their energy *bills* – not just their usage.[224] Low income households are disproportionately at risk of termination and often lack the ability to control usage due to poor housing stock and older, less efficient appliances; thus, it is critical that they continue to have access to effective conservation tools capable of producing meaningful and lasting bill reductions.[225] By reducing the bill savings achievable through LIURP, NFG's fixed charge proposal threatens the continued effectiveness of ratepayer investments in LIURP that are intended to reduce energy consumption, delinquencies, collections, and uncollectible costs – producing an unjust and unreasonable result.[226]

The ability to achieve bill savings through energy efficiency and conservation measures is especially important for households with income above 150% but less than 200% of poverty.[227] These households are ineligible for CAP or LIHEAP but are eligible for energy efficiency and conservation services through NFG's LIURP via the special needs exception and through the federal Weatherization Assistance Program (WAP) – both of which have income guidelines of up to 200% of the Federal Poverty Level (FPL).[228]

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[224] CAUSE-PA St. 1 at 52; 52 Pa. Code § 58.1 ("A LIURP that meets the requirements of this chapter is intended to decrease a LIURP participant's energy usage ***and*** public utility bills or to improve health, safety and comfort levels of household members, or both. A reduction in energy usage creates the opportunity for cost savings, which can lessen the incidence and risk of customer payment delinquencies and the attendant public utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs. ") (emphasis added).
[225] CAUSE-PA St. 1 at 17-19, 53.
[226] CAUSE-PA St. 1 at 53-54; 52 Pa. Code § 58.1. (LIURP is intended to "decrease the incidence and risk of customer payment delinquencies and the attendant utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs.").
[227] CAUSE-PA St. 1 at 53.
[228] *Id.* at 38-39, 53.

These customers must be allowed to retain the ability to reduce their monthly energy costs through adoption of comprehensive energy efficiency and conservation programming.[229]

In addition, any increase to the customer charge, by reducing the proportion of a customer's bill that is based on usage, undermines the ability of customers who choose to take part in NFG's proposed Energy Efficiency Pilot Program (EE Pilot) to experience bill savings from adopting energy efficiency measures through the pilot.[230] NFG's proposal to hike the customer charge would make the EE pilot – already inaccessible to low income customers – even less accessible and less useful for consumers.[231] Achievable bill savings through usage reduction are critical to making participation in the pilot financially viable because the rebates NFG proposes to offer through the EE Pilot would not cover the full incremental cost of choosing high efficiency equipment over baseline equipment.[232] In addition, reducing the proportion of a customer's bill attributable to usage would needlessly extend the payback period for eligible efficiency measures.

For all these reasons, CAUSE-PA submits that NFG has failed to meet its burden of showing that its proposed fixed monthly residential customer charge is just and reasonable and, as such, this charge should not be increased.[233] The proposed increase to the customer charge – to a massive 21% of a customer's monthly bill – would represent a radical departure from Commission policy that rate design should encourage conservation and

[229] CAUSE-PA St. 1 at 53.
[230] *Id.*
[231] *Id.* at 53; 62.
[232] *Id.* at 53.
[233] CAUSE-PA St. 1 at 51-54; OCA St. 1 at 78; WPTF St. 1 at 4-5.

efficiency, disproportionately impacting low income customers and depriving all customers of the ability to reduce their gas distribution bill through usage reduction.

3. NON-RESIDENTIAL RATE DESIGN.

CAUSE-PA did not take a position related to non-residential rate design issues but reserves the right to address any issue raised by other parties in its Reply Brief.

D. SCALE BACK

CAUSE-PA supports the recommendation of the OCA and I&E that any increase to the residential customer charge authorized in this proceeding should be scaled back proportionally based upon the cost of service study the Commission ultimately approves.[234]

E. OPEB CREDIT

CAUSE-PA is generally supportive of NFG's proposal to distribute a one-time credit of $30 to customers with income at or below 250% FPL as part of its plan to refund revenue previously collected to fund other post-employment benefits.[235] However, the Commission should require NFG to take certain actions to maximize the effectiveness of the credit as rate relief.[236]

To maximize the credit's effectiveness as rate relief, the Commission should require NFG to distribute this credit during a winter month, between December through March.[237] NFG indicated that it agrees with CAUSE-PA's suggestion that the credit be distributed in a winter month, between December through March, and has agreed to distribute the credit

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[234] OCA St. 1 at 7; I&E St. 3 at 16.
[235] CAUSE-PA St. 1 at 68.
[236] *Id.*
[237] CAUSE-PA St. 1 at 69.

in the December 2026 billing cycle.[238] CAUSE-PA supports NFG's plan to distribute the credit in the December 2026 billing cycle.

CAUSE-PA recommends that the Commission require NFG to conduct affirmative outreach by mail, email, telephone call, and text message to inform customers that the credit will be distributed.[239] In addition, CAUSE-PA recommends that NFG be required to include information about enrollment in NFG's universal service programs, including CAP, with its outreach materials.[240] Mailed outreach should include a CAP application, email and text message outreach should include a link to apply for CAP online, and phone call outreach should include a warm referral to NFG's CAP administrators to begin a CAP application.[241] NFG's universal service programs are severely underenrolled, with just 10.8% of estimated low income customers or 25% of confirmed low income customers enrolled in CAP, undercutting the intent of the Choice Act to ensure that universal service programs are appropriately available.[242] As discussed more fully below in Section XII., the Commission should require NFG to take affirmative steps to confirm the income of its low income customers and assist them with enrolling in the Company's universal service programs, including CAP.[243] The Commission should require NFG to utilize delivery of the OPEB refund credit as a point of contact with its low income customers to facilitate improvement in universal service program participation.

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[238] NFG St. 14-R at 2.
[239] CAUSE-PA St. 1 at 69.
[240] *Id.*
[241] *Id.*
[242] CAUSE-PA St. 1 at 27.
[243] *See infra* Section XII.

F. SUMMARY AND ALTERNATIVES

CAUSE-PA strongly opposes NFG's proposal to increase its residential customer charge. No increase to the residential customer charge should be authorized in this proceeding. Should the Commission authorize any increase to the residential customer charge, it should be subject to scale back based upon the cost of service study ultimately approved in this proceeding. The Commission should require that NFG target delivery of the OPEB refund credit to low income customers in a winter month, between December through March, and require that NFG conduct outreach to customers receiving the credit to explain its universal service programs and provide instructions on how to apply for CAP. The Commission should require NFG to utilize the OPEB refund credit as a point of contact with low income customers to facilitate improvement in the Company's universal service program participation rates, helping effectuate the Choice Act's universal service standards and improve critical customer service standards.

X. WEATHER NORMALIZATION ADJUSTMENT (WNA)

The Commission should reject NFG's proposal to make its pilot WNA into a permanent aspect of its rate design and should end the WNA with the effective date of rates in this proceeding.[244] NFG's WNA is a lopsided mechanism that shields the Company from revenue fluctuations due to warming weather trends by inappropriately shifting the risk of weather variability onto consumers, with residential customers so far paying surcharges of approximately $6.5 million. This is net additional revenue from Residential Sales customers based on *hypothetical service that customers did not use, but were merely*

[244] CAUSE-PA St. 1 at 59.

projected to use.[245] Besides proposing to make it permanent, the only adjustment NFG proposes to the design of its WNA is to change the current 15-year historical weather average to a 10-year historical average.[246] By protecting the Company at consumers' expense, NFG's WNA produces unjust and unreasonable results and the Commission should not permit it to continue.

NFG's WNA proposal is out of step with the Commission's Distribution Rates Policy Statement, undermining the policy concerns embodied in the Commission's enumerated factors for evaluating alternative ratemaking mechanisms like the WNA.[247] No non-Company party to this proceeding supports the WNA that NFG proposes to make permanent – and OCA and CAUSE-PA actively oppose it.[248] While the burden of proof does not fall on the opposing parties to prove proposed rates are unjust or unreasonable, the overwhelming weight of the evidence in this case nevertheless shows that this alternative rate proposal, if allowed to continue, will produce unjust and unreasonable rates. As outlined below, NFG has failed to meet its burden to show that this alternative ratemaking proposal is just and reasonable. NFG's WNA proposal should be denied.

CAUSE-PA notes that NFG's request for approval of its WNA in this proceeding is distinct from the Commission's approval of a WNA mechanism in its recent Columbia base rate proceeding. In that proceeding, the Commission found that Columbia should be

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[245] CAUSE-PA St. 1-SR at 23; CAUSE-PA St. 1 at 57, 59; OCA St. 1 at 32.
[246] CAUSE-PA St. 1 at 55.
[247] *See* CAUSE-PA St. 1, App. C, Ex. Geller C-2.
[248] *See* CAUSE-PA St. 1 at 56, 59, 61; OCA St. 1 at 38-39; I&E St. 3 at 6-7.

permitted to continue its WNA.[249] Importantly, the Commission permitted Columbia to continue its WNA mechanism on a pilot basis until the company's next rate case – with the Commission requiring that Columbia implement a range of additional customer protections, including implementation of a 5% deadband and elimination of the shoulder month of May for the purposes of WNA calculation.[250] By contrast, NFG is requesting in this proceeding to convert its pilot Weather Normalization Adjustment (WNA) into a permanent aspect of the Company's rate design, less than three years into the authorized five-year pilot period.[251] This proposal would make permanent the WNA and its detrimental impacts on NFG's customers, and should not be approved. As discussed in detail below, NFG's WNA does not feature the range of customer protections ordered by the Commission in the Columbia Order, including the requirement of a 5% deadband. As such, NFG has failed to meet its burden of showing that its WNA proposal is reasonable and should be approved.

A. NFG's WNA is a One-Sided Mechanism That Improperly Shifts Weather-Related Risk onto Consumers, Adding Millions of Dollars to Residential Customer Bills

NFG's WNA pilot is an alternative ratemaking mechanism that applies from October through May, and is designed to allow NFG to bill customers based on normalized weather as opposed to the actual weather experienced by the customer at the time they use the

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[249] *Pa. PUC v. Columbia Gas of Pa., Inc.*, Opinion and Order, Docket No. R-2025-3053499 at 279 at 301 (Order entered Dec. 4, 2025).
[250] *Pa. PUC v. Columbia Gas of Pa., Inc.*, Opinion and Order, Docket No. R-2025-3053499 at 279 at 301-302 (Order entered Dec. 4, 2025).
[251] CAUSE-PA St. 1 at 5, 54.

service. .[252] The mechanism compares Actual Heating Degree Days (AHDDs) with Normal Heating Degree Days (NHDDs) to assess the extent that actual temperatures vary from historical averages.[253] When AHDDs vary by more than 3% of a 15-year historical average, the WNA adjusts bills for certain customer classes – including residential customers – so that bills do not reflect actual customer usage at Commission-approved rates, but instead more closely reflect what a customer's usage hypothetically would have been had weather conditions conformed to a historical temperature average.[254] NFG asserts that the WNA is necessary for the Company's rate structure to provide it "a reasonable opportunity to recover its authorized revenue requirement while protecting customers from additional charges in colder than normal winters."[255] In reality, the WNA has not protected consumers and has inappropriately converted NFG's *opportunity* to earn its revenue requirement into a functional *guarantee*, subverting foundational ratemaking principles.[256]

NFG asserts that its WNA is a "symmetrical mechanism" that "balances weather-driven financial risk equally for both ratepayers and the Company," and that "[w]hether or not weather is more often warmer than normal than it is colder than normal is irrelevant."[257] In theory, the WNA is a symmetrical mechanism with the potential to either provide customers with credits or impose charges based upon the number of AHDDs

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[252] CAUSE-PA St. 1 at 54-55.
[253] NFG St. 19 at 24.
[254] CAUSE-PA St. 1 at 54-55.
[255] NFG St. 19 at 26.
[256] *Pa. Gas & Water Co. v. Pa. PUC*, 341 A.2d 239, 251 (Pa. Commw. Ct. 1975); *Bluefield Water Works & Improvement Co. v. Public Serv. Comm'n of W.Va*., 262 U.S. 679, 692-93 (1923); *Federal Power Comm'n v. Hope Natural Gas Co*., 320 U.S. 591, 603 (1944).
[257] NFG St 1-R at 7-8.

experienced.[258] In practice, it has resulted in asymmetric charges to the tune of $6.5 million for the residential class alone.[259] This is because NFG's customers do not experience the WNA in theory, they experience it as an actual adjustment to their bills based on the weather that actually occurs.[260] For purposes of evaluating the WNA, the historic warming trend Pennsylvania has experienced and is expected to experience over the long term is relevant to understanding the impact the WNA has had and will continue to have on customers in actual practice.[261]

Pennsylvania's weather is undergoing a long-term warming trend that experts project to continue.[262] As the Pennsylvania Department of Environmental Protection reports, temperatures in Pennsylvania have risen by approximately 1.2 degrees Fahrenheit between 2000 and 2023 and are projected to climb another 6.7 degrees Fahrenheit by mid-century.[263] No party to this proceeding, including NFG, disputes that Pennsylvania's warming trend is projected to continue.[264] Although weather varies year over year, the trend is projected to hold steady over time.[265] This warming trend means that Pennsylvania will experience fewer and fewer HDDs over time.[266] As a result, if allowed to continue, NFG's WNA will impose greater and greater additional charges on customer bills.[267] This factual

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[258] CAUSE-PA St. 1-SR at 23.
[259] *Id.*
[260] *Id.*
[261] *Id.*
[262] CAUSE-PA St. 1 at 57; NFG St. 19 at 26, Fig. 1.
[263] CAUSE-PA St. 1 at 57.
[264] CAUSE-PA St. 1 at 57; *See* NFG St. 19 at 26, Fig. 1.
[265] CAUSE-PA St. 1 at 57.
[266] CAUSE-PA St. 1 at 57; *See* NFG St. 19 at 26, Fig. 1.
[267] CAUSE-PA St. 1 at 57.

context is critical to assessing the justness and reasonableness of the WNA. The WNA is mathematically symmetrical , but when applied to the actual and projected weather in Pennsylvania, it operates, on net, as a one-way surcharge that insulates the Company from the risk of warming weather at the expense of consumers.[268]

The results of NFG's WNA pilot bear out that the mechanism is overwhelmingly one-sided in NFG's favor.[269] Since the WNA took effect in October 2023 through April 2026, it has extracted nearly $6.5 million in additional revenue from Residential Sales customers, paradoxically because those customers *used less* gas than they would have under historical weather conditions.[270] NFG notes that in some months of the 2025-2026 WNA season, customers received credits.[271] Residential Sales customers received net credits totaling $2,909,408.39 from October 2025 through February 2026.[272] But in March and April 2026, the WNA imposed total charges of $2,053,616.08 on Residential Sales customers, erasing 71% of the credit in just two months, and bringing net credits for the 2025-2026 WNA season through April down to $855,792.31.[273] This one-time credit pales in comparison to the nearly $6.5 million net total charges NFG has assessed to residential customers since its implementation in October 2023.

By shifting the very real risk of warming weather to consumers, NFG insulates itself from fluctuations that would normally be part of its traditional business risk, as the delivery

[268] CAUSE-PA St. 1-SR at 23.
[269] CAUSE-PA St. 1 at 56-57; CAUSE-PA St 1-SR at 23.
[270] CAUSE-PA St. 1-SR at 23.
[271] NFG St. 1-R at 8-9; NFG St. 19-R at 38.
[272] CAUSE-PA St. 1-SR at 23.
[273] *Id.*

of natural gas is and always has been a weather responsive business.[274] This approach is particularly problematic for low income customers, who lack the financial ability to absorb unexpected costs from weather-driven rate adjustments.[275] When the weather is warm, customers expect their bill to be lower.[276] They do not expect to be billed based on "hypothetical usage."[277] As a monopoly utility, NFG is in a better position to manage the risks associated with warming weather than general residential and low income customers.

Low income customers do not have any margin month in and month out to spend more on energy costs.[278] These customers have disproportionately high energy burdens which rise even higher in the winter months, requiring some customers to spend as much as 11.7% of their monthly income for gas service alone.[279] Adding the WNA charge during these months exacerbates these already unaffordable energy burdens.[280] In winter months that are warmer than normal, these customers are expecting a lower bill – not a weather adjusted bill.[281] They have no ability to plan for the WNA as it is illogical from the perspective of an end user who expects a lower bill when the weather is warmer.[282]

The core reality is that NFG "holds the cards" in this game and is able to take advantage of a regulatory framework that permits it to choose when to file a rate case, and

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274 CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 8.
275 CAUSE-PA St. 1 at 59.
276 CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 12.
277 *Id.* at 58.
278 *Id.* at 57.
279 *Id.* at 16, T. 2.
280 *Id.* at 57.
281 CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 12.
282 *Id.* at 58.

what revenue projections to seek and model based on a fully projected future test year.[283] It is also able to charge a Distribution System Improvement Charge to recover capital investment between rate cases.[284] This type of financial protection is simply not available to customers. NFG is better positioned to absorb the effects of variable weather conditions without passing these risks down to consumers; therefore, instead of offloading the risk to ratepayers, it would be more appropriate for the utility to manage the risk.[285]

B. NFG's WNA Proposal is Noncompliant with Each of the Enumerated Factors in the Commission's Distribution Rates Policy Statement[286]

NFG bears the burden of proving that its WNA produces just and reasonable rates as implemented and proposed.[287] The Commission's Distribution Rates Policy Statement enumerates fourteen factors to guide evaluation of the justness and reasonableness of alternative ratemaking mechanisms, such as NFG's WNA proposal.[288] The Policy Statement is intended to "promote the efficient use of electricity, natural gas and water through technologies and information," and provides that "an alternative rate design methodology should reflect the sound application of cost of service principles, establish a rate structure that is just and reasonable, and ***consider customer impacts***."[289] The enumerated factors include, among others: the effect on low income customers and customer assistance programs, the impact on energy efficiency programming, alignment

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283 OCA St. 1 at 25, 38.
284 *Id.*
285 CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 8.
286 52 Pa. Code §§ 69.3301, 69.3302.
287 66 Pa. C.S. §§ 315 (a), 1301, 1330.
288 52 Pa. Code § 69.3302 (a).
289 52 Pa. Code § 69.3301 (emphasis added).

with cost causation principles, the prevention of improper cost shifting, appropriate consumer protections, and whether design is understandable to consumers.[290] As explained in detail below, an evaluation of NFG's WNA proposal through the policy statement demonstrates that the mechanism either harms or has no effect on each of the policy concerns captured in the fourteen enumerated factors and is therefore neither just nor reasonable.[291] NFG has failed to meet its burden of proof, and the Commission must reject the Company's WNA proposal and should end the WNA.

1. <u>69.3302(a)(1): NFG's WNA does not align revenues with cost causation principles.</u>[292]

NFG's WNA fails to align revenues with cost causation principles per Section 69.3302(a)(1). CAUSE-PA strongly disagrees with NFG's positions that, once incurred, a fixed cost must be recovered through a fixed charge or some other mechanism such as the WNA that gets closer to guaranteed recovery,[293] and that the WNA mitigates the variance between actual and projected distribution revenues due to weather.[294] NFG's WNA distorts the connection between revenues and cost causation principles by charging customers more when their usage is lower than normal and less when their usage is higher than normal.[295] The WNA improperly enables essentially guaranteed rate recovery and assumes that NFG is *entitled* to recover its revenue requirement regardless of the usage of its customers due

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[290] 52 Pa. Code § 69.3302 (a).
[291] *Id.*
[292] 52 Pa. Code § 69.3302 (a)(1).
[293] NFG St. 19 at 26-27.
[294] NFG St. 19 at, Exhibit JDT-3.
[295] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 1.

to variations in weather, regardless of the Company's effectiveness at efficient management.[296]

2. 69.3302(a)(2): NFG's WNA does not promote efficient capacity utilization.[297]

Section 3302(a)(2) does not support continued operation of NFG's WNA. Contrary to NFG's assertion that the WNA indirectly supports efficient capacity utilization,[298] NFG's operation of the WNA credits customers' bills for greater usage during those months when weather was colder than normal – when more of NFG's fixed capacity is utilized – and increases customers' bills during months that are warmer than normal, when less of the NFG's fixed capacity is utilized.[299] In this way, the WNA inverts the relationship between capacity utilization and customer charges. As such, this factor does not support continued operation of the WNA.

3. 69.3302(a)(3): NFG's WNA does not reflect the level of demand associated with the customer's anticipated consumption levels.[300]

Pursuant to Section 69.3302(a)(3), NFG's WNA does not reflect the level of demand associated with customers' anticipated consumption levels. Rates are designed to be determined based on a fixed point in time and billed based on the actual weather experienced.[301] CAUSE-PA disagrees with NFG's arguments that Section 69.3302(a)(3) is satisfied because (1) customer specific usage factors corresponding to their individual

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[296] *Id.*
[297] 52 Pa. Code § 69.3302 (a)(2).
[298] NFG St. 19 at Exhibit JDT-3, at 1.
[299] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 2.
[300] 52 Pa. Code § 69.3302 (a)(3).
[301] *See* OCA St. 1 at 19-20.

demand are continually updated through the WNA formula and (2) NFG is proposing to set Normal Heating Degree Days using a 10-year average rather than a 15-year average.[302] Despite these aspects of NFG's WNA design, the WNA – in practice – distorts this principle and the relationship between generated revenue when consumption is less than projected and demand is less than anticipated. NFG's WNA therefore does not reflect the level of demand that is associated with customers' anticipated usage. Instead, the WNA provides NFG revenue despite projections of revenue loss based on weather and thus essentially guarantees NFG recovery of these projected amounts.[303] NFG's WNA therefore fails to reflect the demand associated with customers' anticipated consumption, but instead aligns NFG's revenue collection with revenue projections despite reduced demand.[304] Analysis of this factor supports rejection of NFG's WNA.

4. 69.3302(a)(4): NFG's WNA does nothing to limit or eliminate interclass and intraclass cost shifting.[305]

CAUSE-PA witness Mr. Geller noted that NFG's WNA will not likely lead to interclass or intraclass cost shifting.[306] However, while the WNA may not lead to cost shifting, it also does not eliminate the risk of any such shifts. As OCA witness Deupree noted, some intraclass cost shifting may occur to the extent that smaller use residential customers typically have a greater percent of their gas use that is temperature-sensitive compared to residential customers who are larger users.[307] This means that these customers

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[302] NFG St. 19 at Exhibit JDT-3, at 1.
[303] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 3.
[304] *See* CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 3.
[305] 52 Pa. Code § 69.3302 (a)(4)
[306] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 4.
[307] OCA St. 1 at Exhibit MWD-1, at 1.

will pay a larger share of WNA charges because a larger percentage of their bill would be subject to the WNA adjustment. This factor supports rejection of the WNA.

5. 69.3302(a)(5): NFG's WNA does not eliminate disincentives for the promotion of energy efficiency.[308]

The WNA does not incent energy efficiency, but instead reduces incentives for customers to engage in energy efficiency measures and to utilize consumption reduction measures.[309] CAUSE-PA disagrees with NFG's arguments that (1) its WNA does not impact customers' ability to engage in energy efficiency measures, and (2) that NFG engaging in energy efficiency promotion supports the WNA.[310] The WNA is an adjustment that is tied to changes in HDDs, not to changes in customer use.[311] However, customers will receive less benefit from their conservation because of the WNA than without it.[312] If HDDs are lower than normal, customers will be charged a WNA charge for using less energy during that time period, regardless of whether their reduction in usage was attributable to weather or to conservation efforts such as adopting energy efficiency measures.[313] The WNA similarly reduces the effectiveness of energy efficiency assistance, including NFG's LIURP, to reduce customer's bills – as well as non-LIURP participating customers' efforts to reduce their bills through conservation measures.[314] This factor therefore fails to support continuation of NFG's WNA.

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308 52 Pa. Code § 69.3302 (a)(5).
309 CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 5.
310 NFG St. 19 at Exhibit JDT-3, at 2.
311 CAUSE-PA St. 1 at 54-55.
312 *Id.* at 56-58.
313 OCA St. 1 at Exhibit MWD-1, at 1
314 CAUSE-PA St. 1 at 58.

6. 69.3302(a)(6): NFG's WNA disincentivizes adoption of residential efficiency measures for customers.[315]

NFG's WNA disincentivizes customers to employ efficiency measures and distributed energy resources.[316] By reducing the potential savings on distribution charges through energy efficiency, the WNA reduces the incentive to adopt efficiency measures and erodes the overall effectiveness of the measures at delivering bill savings.[317] CAUSE-PA similarly disagrees with NFG's argument that, under the WNA, customers retain strong incentives to reduce usage because commodity and other charges remain volumetric.[318] The fact is, NFG's WNA undercuts customers' overall bill savings achievable through energy efficiency and conservation. As OCA witness Deupree points out, under the WNA, customers are assessed increased WNA charges even after reducing usage if they implement energy efficiency incentives.[319] As noted, the WNA also reduces the effectiveness of NFG's LIURP by adding weather-related charges to customers' bills. NFG's WNA therefore has a severe detrimental impact on the ability of NFG's low income customers to improve bill affordability through energy efficiency measures and assistance. Thus, this factor supports elimination of the WNA.

7. 69.3302(a)(7): NFG's WNA has a detrimental impact on low-income customers and customer assistance programs.[320]

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[315] 52 Pa. Code § 69.3302 (a)(6).
[316] CAUSE-PA St. 1 at 57-58; CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 6.
[317] *Id.*
[318] NFG St. 19 at Exhibit JDT-3, at 2.
[319] OCA St. 1 at Exhibit MWD-1, at 1.
[320] 52 Pa. Code § 69.3302 (a)(7).

NFG's WNA detrimentally impacts low income customers and NFG's customer assistance programs. NFG's argument that under the WNA, customers who are currently enrolled in CAP and who pay their bills based on a percentage of their household income will see little to no impact on their bills under the WNA mechanism[321] greatly oversimplifies and overlooks the impacts that the WNA has on NFG's universal service programs and its low income customers, including those enrolled in CAP.

First, as discussed above, the majority of NFG's low income customers are not enrolled in CAP and experience the unmitigated impact of the WNA on their bills.[322] By increasing billed charges for gas that customers do not use, the WNA exacerbates acute affordability challenges, causing a greater number of households to require assistance to maintain basic gas service to their home – ultimately increasing the cost of providing rate assistance to those in need.[323]

Second, many CAP customers receive bills based on their average bill amount and experience an increase in their CAP bills as a result of WNA charges assessed when the weather is warmer than normal.[324]

Third, for CAP customers who receive a percentage of income bill, the WNA increases the costs of CAP for the general residential customer class, also borne by a significant number of non-CAP low income customers.[325]

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[321] NFG St. 19 at Exhibit JDT-3, at 2.
[322] CAUSE-PA St. 1 at 27.
[323] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 6.
[324] *Id.*
[325] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 6.

In addition to the concerns raised by CAUSE-PA and its witness related to the impacts on low income customers and NFG's CAP, OCA witness Deupree noted that the NFG's WNA may "harm low-income customers as these customers have less ability to weatherize homes to reduce impact of weather fluctuations on consumption."[326] As discussed regarding factors 5 and 6 above, the WNA undermines NFG's LIURP by reducing the bill savings achievable through adopting usage reduction measures by assessing charges when weather is warmer than normal regardless whether a customer's reduced usage was attributable to LIURP participation.[327] Thus, this factor supports elimination of the WNA.

8. <u>69.3302(a)(8): NFG's WNA has a detrimental impact on customer rate stability principles.</u>[328]

CAUSE-PA strongly disagrees with NFG that the WNA positively impacts rate stability principles by providing increased gradualism and more stable annual bills.[329] As discussed extensively above, NFG's low income customers are struggling to afford their monthly bills, at both present and proposed rates.[330] Unaffordability of rates and customer's resulting monthly bills destabilizes the ability of low income customers to afford and stay connected to services.[331] The WNA does not create increased rate stability for these customers – but instead further exacerbates bill affordability issues.[332] The WNA provides

[326] OCA St. 1 at Exhibit MWD-1, at 1.
[327] *See supra* Section X.B.5-6.
[328] 52 Pa. Code § 69.3302 (a)(8).
[329] NFG St. 19 at Exhibit JDT-3, at 2.
[330] *See supra* Section III.
[331] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 7.
[332] *Id.*

the Company with additional stability by assuring that it receives an essentially guaranteed level of return, but does not provide that same security to NFG's low income customers, who do not benefit from a hypothetical concept of bill stability by paying more when weather is warmer than normal.[333] As OCA witness Deupree points out, the WNA adds another surcharge to customers' monthly bills without any showing that the WNA would reduce the frequency of base rate base filings.[334] Thus, this factor supports elimination of the WNA.

9. <u>69.3302(a)(9): NFG's WNA shifts weather-related risk from the Company onto customers.</u>[335]

This factor calls for a practical assessment of how NFG's WNA causes weather to impact the Company's revenue. As discussed, the WNA cannot be assessed in a theoretical vacuum and must be analyzed in the undisputed factual context of Pennsylvania's warming weather.[336] In practice, NFG's WNA does not operate as a revenue neutral mechanism.[337] The WNA shifts the risk of Pennsylvania's warming weather from the Company to its customers.[338] As CAUSE-PA witness Geller points out, NFG is not guaranteed to receive its authorized rate of return, and is better able to bear the risk of under recovery than are its low income customers.[339] Under the WNA, however, NFG is essentially guaranteed recovery regardless of weather-related fluctuations in customers' usage.[340] The WNA

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[333] *Id.*
[334] OCA St. 1 at Exhibit MWD-1, at 1.
[335] 52 Pa. Code § 69.3302 (a)(8).
[336] *See supra* Section X.A.
[337] OCA St. 1 at Exhibit MWD-1, at 2.
[338] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 8.
[339] *Id.*
[340] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 1, 3.

theoretically provides a commensurate opportunity for consumers to benefit from credits when weather is colder than normal.[341] However, on net, it has not been the case and customers have paid significantly more than they have been credited. There is no basis to believe, given the directional reality of Pennsylvania's warming weather, that this trend will not continue. The credits customers receive in months when weather is colder than the historical average do not match the increases in revenue NFG receives from the WNA when weather is warmer than the historical average.[342]

CAUSE-PA disagrees with NFG's argument that the WNA allegedly prevents both under collection and overcollection of Commission approved distribution revenue requirements based on weather fluctuations.[343] In practice, the WNA has not operated on a bidirectional basis. As OCA witness Deupree points out, in neither of the two full heating seasons the WNA has been in effect has the WNA produced net credits for NFG's ratepayers – but instead allowed NFG to collect a net of nearly $9.2 million from ratepayers of all classes.[344] The millions of dollars in additional revenue NFG has collected under the WNA occurred because the WNA allows the utility to collect revenue based on historic weather patterns, not actual ones, and regardless of customers' actual usage. Contextualizing this mechanism with Pennsylvania's warming weather clarifies that the mechanism is one-sided, unjust, and unreasonable. This factor supports elimination of the WNA.

[341] CAUSE-PA St. 1-SR at 23.
[342] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 8.
[343] NFG St. 19 at Exhibit JDT-3, at 3.
[344] OCA St. 1 at Exhibit MWD-1, at 2.

10. <u>69.3302(a)(10): NFG's WNA does not impact the frequency of rate case filings or affect regulatory lag.</u>[345]

The WNA does not impact the Company's rate case frequency nor does it affect regulatory lag – a fact that NFG acknowledges.[346] Instead, as OCA witness Deupree notes, NFG has filed multiple rate cases over the last decade, despite operation of the WNA.[347] This is unlikely to change, as the WNA does not prevent the Company from seeking a further rate increase – nor has NFG made such a commitment.[348] As such, NFG has failed to show that this factor supports continuation of the WNA.

11. <u>69.3302(a)(11): NFG's WNA increases the cost of CAP, driving up Rider F.</u>[349]

The WNA solely applies to base rates.[350] However, CAUSE-PA disagrees with NFG's assertion that the WNA does not interact with other revenue sources or surcharges.[351] NFG's WNA applies to all customers, including CAP customers.[352] For those CAP customers receiving a percentage of income bill, WNA charges increase the cost of CAP,[353] which is collected from the residential rate classes subject to Rider F.[354] NFG's WNA directly increases residential customers' bills by assessing charges and

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[345] 52 Pa. Code § 69.3302 (a)(10).
[346] NFG St. 19 at Exhibit JDT-3, at 3. OCA St. 1 at Exhibit MWD-1, at 2. CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 8.
[347] OCA St. 1 at Exhibit MWD-1, at 2.
[348] *Id.*
[349] 52 Pa. Code § 69.3302 (a)(11).
[350] OCA St. 1 at Exhibit MWD-1, at 2; CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 9; See NFG St. 19 at Exhibit JDT-3, at 3.
[351] NFG St. 19 at Ex. JDT-3 at 3.
[352] *Id.* at 24.
[353] CAUSE-PA St. 1 at 60.
[354] NFG Ex. F at 58.

indirectly increases their bills by unreasonably increasing the cost of CAP. This factor does not support continuation of the WNA.

12. 69.3302(a)(12): NFG's WNA lacks appropriate consumer protections.[355]

The WNA lacks appropriate and essential consumer protections, and is neither transparent nor equitable to NFG's customers.[356] NFG argues that its WNA includes the following consumer protections: (1) the WNA does not cause over-recovery because it does not recover on colder than average temperatures, applies only during the heating season, and includes a deadband; (2) the WNA is customer specific; (3) the WNA is subject to PUC review and reporting requirements; and (4) NFG provides bill disclosures and customer education regarding the WNA.[357] CAUSE-PA disagrees with these contentions.

The WNA enables NFG to collect more revenue from customers than it would in the absence of the WNA, evidenced by the nearly $6.5 million in additional charges to residential customers for usage that they did not have since the WNA pilot began, [358] and the lack of adequate consumer protections inflates the additional revenue the WNA generates. NFG's lengthy WNA season – extending from October through May (that is, for *two-thirds of the year*) – does not accord with other consumer protections related to the winter heating season, extending far beyond the winter heating months of December through March recognized by the Commission and the General Assembly for critical consumer protections including the winter termination moratorium and distribution of

[355] 52 Pa. Code § 69.3302 (a)(12).
[356] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 10-11.
[357] NFG St. 19 at Exhibit JDT-3, at 4.
[358] CAUSE-PA St. 1-SR at 23.

LIHEAP assistance.[359] Similarly, the 3% deadband featured in NFG's WNA is inadequate to prevent adjustments for minor weather variations and is flatly out of step with the 5% deadband the Commission recently authorized in Columbia Gas's 2025 rate case, wherein the Commission stated that "a 5% deadband adequately captures what could be considered normal weather fluctuations in Pennsylvania" and "places more of the burden for calculating and forecasting weather variations back onto the Company as a normal part of doing business."[360]

CAUSE-PA disagrees that the WNA being customer-specific is any consumer protection at all. The WNA is purportedly designed to achieve an overall rate recovery for each customer class, and as such, CAUSE-PA witness Geller notes that it would be more fair to impose the WNA on the entire class rather than design it to be customer-specific.[361] As discussed, when weather is warmer than normal, the WNA imposes additional charges on customers' bills regardless whether an individual customer's reduced usage was attributable to weather or to adoption of energy efficiency and conservation measures.[362] As such, calculating the WNA on an individual basis is unfair to customers implementing intentional usage reduction and conservation efforts and is not an effective consumer protection.

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[359] CAUSE-PA St. 1 at 54, 60.
[360] *Pa. PUC v. Columbia Gas of Pa., Inc.*, Opinion and Order, Docket No. R-2025-3053499 at 301 (Order entered Dec. 9, 2025).
[361] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 10.
[362] *See supra* Section X.B.5.

In addition, CAUSE-PA witness Geller points out that, contrary to NFG's analysis, the WNA does not add any unique regulatory oversight mechanism.[363]

Finally, while NFG points to purported customer education related to its WNA, the WNA is a complicated mechanism that is based on an opaque formula, and simply providing customers with information does not mean that customers understand how the WNA operates.[364] As such, this factor does not support continuation of the WNA.

13. <u>69.3302(a)(13): NFG's WNA is not understandable to consumers.</u>[365]

The WNA is not transparent or understandable to customers.[366] The WNA is derived from an overly nuanced and complex calculation that impairs consumers' ability to understand their bills.[367] The WNA also operates in the exact opposite way than customers would expect. Customers understand that they should pay for gas distribution services they are actually using, and expect that their bill will go down if their usage goes down – regardless of whether that reduction is attributed to warmer weather or careful conservation and efficiency.[368] CAUSE-PA disagrees with NFG's arguments that the WNA is understandable to consumers because similar versions of the WNA exist in Pennsylvania, and because information about the WNA is provided through NFG's tariff and other customer communications.[369] It is unreasonable to expect customers to understand the

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[363] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 11.
[364] *Id.*
[365] 52 Pa. Code § 69.3302 (a)(13).
[366] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 12.
[367] *Id*; CAUSE-PA St. 1 at 58.
[368] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 12.
[369] NFG St. 19 at Exhibit JDT-3, at 4.

WNA based on its complicated formula and operations contrary to customer expectation.[370] As such, this factor does not support continuation of the WNA.

14. 69.3302(a)(14): NFG's WNA does not support improvements in utility reliability.[371]

NFG has failed to set forth sufficient evidence to show that its WNA would support improvements in utility reliability other than protecting its ability to collect its revenue requirement.[372] There is insufficient information in the record to support NFG's allegations that the WNA would help to minimize volatility of the recovery of revenue requirement costs,[373] and the Commission should scrutinize NFG's claim thoroughly.[374] The WNA is not tied to achievement of any reliability improvement or performance in any way by NFG.[375] It merely works to shore up guaranteed profits, while at the same time undermining incentive for NFG to achieve its authorized revenue through operational efficiency. As OCA witness Deupree notes, NFG retains its ability to file rate proceedings using a projected test year if they are seeking to address any concerns related to capital improvement needs.[376] As such, this factor does not support continuation of the WNA.

[370] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 12.
[371] 52 Pa. Code § 69.3302 (a)(14).
[372] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 12.
[373] NFG St. 19 at Exhibit JDT-3, at 4. CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 12.
[374] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 12.
[375] *Id.*
[376] OCA St. 1 at Exhibit MWD-1, at 2.

C. Summary of Reasons the Commission Should Reject NFG's WNA Proposal

NFG's WNA undermines energy efficiency and disproportionately burdens low income customers, raising deep concerns about fairness and equity.[377] While this mechanism protects NFG from revenue volatility, it transfers the financial risk of Pennsylvania's warming weather onto customers who may have already reduced their consumption to manage tight household budgets and erodes incentives for utilities to improve operational efficiency that are otherwise intrinsic in traditional ratemaking.[378] For low income households, which often face difficult choices between heating, food, and other essentials, these additional charges undermine the ability to plan for and manage utility expenses effectively and should be roundly rejected by the Commission.[379]

Upon considering the Company's proposed WNA in the context of the Commission's guiding policy statements on alternative ratemaking methods, as well as the statutory basis for such methods, the Company's proposal should be rejected because it undermines cost-of-service principles, reduces consumer incentives to reduce energy usage, obscures price signals and makes customer bills more unpredictable, has a disproportionate impact on low-income customers, needlessly drives up the costs of CAP and other universal service programs, is difficult to understand for consumers, and lacks any consumer protections.[380]

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[377] CAUSE-PA St. 1 at 59.
[378] *Id.*
[379] CAUSE-PA St. 1 at 59.
[380] 66 Pa. C.S. § 1330 (a)(2); 52 Pa. Code §§ 69.3301, 69.3302.

D. If the Commission Allows NFG's WNA to Continue, it Must Order Substantial Reforms

NFG has failed to meet its burden of demonstrating that its WNA produces just and reasonable rates, and its request to continue the WNA as a permanent structure within its rate design should be denied. However, if the Commission determines that the WNA should continue, CAUSE-PA recommends several important reforms to mitigate the worst impacts of the WNA for NFG's customers. Specifically, as outlined by Mr. Geller in his direct testimony, CAUSE-PA recommends the following reforms:

First, the WNA should remain a pilot for only a limited period of no longer than three years, and should not be made permanent.[381]

Second, all customers enrolled in NFG's CAP should be exempt from the WNA.[382] As noted, the WNA impacts CAP customers paying average bill amounts, and unreasonably increases program costs of CAP paid by non-CAP residential customers.[383]

Third, the WNA's months of operation should be limited to the period of December through March.[384] As Mr. Geller points out, these are the winter months recognized by the Commission, General Assembly, and other state agencies related to LIHEAP assistance and winter termination protections for heat related services.[385] As Mr. Geller noted, it is unreasonable to assess the WNA during the months of October, November, April, and May.[386]

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[381] CAUSE-PA St. 1 at 59: 17-21.
[382] CAUSE-PA St. 1 at 60: 1-6.
[383] *Id.*
[384] CAUSE-PA St. 1 at 60: 7-14.
[385] *Id.*
[386] *Id.*

Fourth, the WNA deadband should be increased from 3% to 5% to prevent the WNA from applying when only minor deviations from historical temperature occur.[387] This would bring NFG's WNA in alignment with Columbia's WNA, as authorized in its 2025 rate proceeding.[388]

Finally, NFG should be required to use a rolling 10-year historical average that is updated annually to calculate any WNA charges, rather than a fixed period between 2015 to 2024.[389]

CAUSE-PA notes that NFG witness Taylor argues that affordability concerns driven by the WNA as raised by CAUSE-PA through its witness are best addressed through universal service programs.[390] However, as Mr. Geller points out, universal service programs have only reached a small portion of NFG's customers, while NFG's WNA applies across residential customers and exacerbates unaffordability for low income customers.[391] Examination of the consumer protections and affordability impacts of the WNA are therefore critical to assessing the justness and reasonableness of rates.[392]

CAUSE-PA similarly disagrees with NFG witness Taylor's arguments that it is inappropriate to implement additional reforms to the WNA to improve consumer protections.[393] Mr. Taylor asserts that reducing the span of NFG's WNA season would reduce consumer protections because NFG's service territory tends to experience colder

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[387] CAUSE-PA St. 1 at 60: 15-19.
[388] *Id.*
[389] CAUSE-PA St. 1 at 60: 20-22.
[390] NFG St. 19-R at 36-37.
[391] CAUSE-PA St. 1-SR at 23-24.
[392] *Id.*
[393] NFG St. 19-R at 39-41.

weather than other parts of Pennsylvania.[394] However, as discussed, the results of NFG's WNA pilot thus far clarify that the WNA does not protect consumers and instead serves to exacerbate energy unaffordability, most acutely for NFG's low income customers.[395] Further, it is unreasonable for the WNA season – which protects NFG from weather-related revenue volatility – to extend beyond December through March, the winter heating months recognized by the Commission and the General Assembly for heating-related consumer protections including the winter moratorium and LIHEAP assistance.[396] In addition, CAUSE-PA disagrees with Mr. Taylor's assertion that the WNA should not use a rolling 10-year average because it would create a misalignment between the WNA and base rate billing determinants.[397] As discussed, Pennsylvania is experiencing a long-term warming trend that is projected to continue and is expected to result in fewer HDDs over time.[398] Using a fixed historical average to calculate the WNA will therefore result in a bias toward even greater WNA charges as temperatures continue to warm. [399] A rolling average, updated annually, would help to mitigate the effect of that historical bias by using a more current reference period to calculate the WNA.

As detailed above, NFG's operation of the WNA has resulted in substantial net charges to its customers, and exacerbated unaffordability of customer's bills. If the WNA

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[394] *Id.* at 39.
[395] *See supra* Section X.A.
[396] CAUSE-PA St. 1 at 60.
[397] NFG St. 19-R at 39-41.
[398] CAUSE-PA St. 1 at 57.
[399] *Id.*

is permitted to continue, it is essential that additional reforms are implemented to dull the worst of these customer impacts.

XI. ENERGY EFFICIENCY PILOT

A. The Commission should reject NFG's proposed Energy Efficiency Pilot as designed because it would unreasonably require low income customers to contribute to the costs of the pilot with no opportunity for low income customers to realistically derive any meaningful benefit.

Through this proceeding, NFG seeks approval to implement a five-year energy efficiency pilot program (EE Pilot) that would provide rebates to residential customers who purchase high-efficiency gas appliances.[400] To recover the costs of the EE pilot, NFG proposes to implement a new rider, Rider D, which would recover approximately $0.7 million annually from the residential class, including confirmed low income customers and CAP participants.[401] The pilot as designed, however, does not include any dedicated low income programming and makes no provision for low income customers to realistically participate or derive any quantifiable usage or bill savings.[402] As CAUSE-PA's witness, Mr. Geller, explained, low income customers most often lack the discretionary income necessary to take advantage of rebate-based programs and will not be able to meaningfully participate in the pilot.[403] The Commission should reject NFG's EE pilot because, as designed, it would unjustly and unreasonably force low income customers – who already

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[400] CAUSE-PA St. 1 at 61.
[401] *Id.*
[402] CAUSE-PA St. 1 at 62.
[403] *Id.*

face acute and categorical rate unaffordability, to pay for a pilot that they are unable to meaningfully participate in and would derive no quantifiable benefit from.[404]

NFG draws upon the Act 129 framework that guides the development of the statutorily mandated energy efficiency and conservation (EE&C) programs for electric distribution companies (EDCs) including, for example, using the Total Resource Cost test developed for Act 129 implementation[405] and using a nonbypassable rider for cost recovery.[406] Unlike Act 129 EE&C programs, however, NFG fails to provide for dedicated and proportional low income programming within its EE pilot, asserting that Act 129 does not apply because NFG is an NGDC, not an EDC, so it need not comply with Act 129's requirement that utilities offer dedicated and proportional low income programming.[407] In the design of its EE Pilot, NFG borrows aspects of the Act 129 framework that benefit it and rejects those aspects that are designed to safeguard low income consumers.[408]

It is well established within the Act 129 framework that rebate-based programs are inaccessible to low income customers.[409] The General Assembly explicitly required that Act 129 EE&C programs include specific energy efficiency measures for households at or below 150% FPL that are in addition to existing LIURP expenditures.[410] The Commission has recognized that dedicated low income offerings help "to ensure that low-income customers are able to access and participate in the EDCs' efficiency programs" and help

[404] CAUSE-PA St. 1 at 63.
[405] NFG St. 18 at 8.
[406] *Id.* at 10.
[407] NFG St. 18-R at 5.
[408] CAUSE-PA St. 1-SR at 16-17.
[409] *See Id.* at 17.
[410] 66 Pa. C.S. § 2806.1(b)(1)(i)(G).

"to ensure that low-income customers realize significant benefits from these programs."[411] The Commission has required EDCs to include dedicated low income offerings in their energy efficiency plans since Act 129's inception.[412] NFG has not substantiated that low income customers would be able to realistically participate in the rebate-based pilot it proposes – a theory that would run contrary to decades of experience with efficiency programs across the state.[413]

In stating that no statutory or regulatory requirement obligates NFG to include dedicated low income programming in a voluntary NGDC energy efficiency program, NFG witness Mr. Solomon points to the Commission's recent approval for Columbia Gas to continue its EE program without requiring specific low income offerings within that program.[414] However, in approving continuation of Columbia Gas's energy efficiency program without dedicated low income offerings, the Commission highlighted that Columbia also operates a low income Audits & Rebates (A&R) program, which provides comprehensive programming for customers who have income at or below 250% FPL that do not otherwise qualify for LIURP services.[415] As such, the Commission stated that Columbia Gas's low income customers had "equitable opportunities for efficiency and conservation incentives."[416] The Commission did not authorize Columbia's EE program

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[411] Implementation Order, Energy Efficiency and Conservation Program, Docket No. M-2025-3052826 (entered Jun. 18, 2025) at 68.
[412] CAUSE-PA St. 1-SR at 17.
[413] CAUSE-PA St. 1-SR at 17-18.
[414] NFG St. 18-R at 5.
[415] *Pa. PUC v. Columbia Gas of Pa., Inc.*, Opinion and Order, Docket No. R-2025-3053499 at 378 (Order entered Dec. 4, 2025).
[416] *Id.*

without ensuring that the company's low income customers had other equitable opportunities to access efficiency measures beyond LIURP.[417]

Here, NFG has no similar program providing equitable opportunities for the Company's low income customers to receive energy efficiency and conservation measures beyond LIURP. It is unjust and unreasonable to assess low income customers a rider recovering costs for an EE pilot without providing any equitable opportunities for them to receive efficiency and conservation measures. As such, the Commission should reject NFG's EE pilot because it would unreasonably require low income customers to contribute to the expense of a program they have no realistic ability to benefit from without providing them with any equitable access to efficiency measures.

B. If the Commission allows NFG to implement its Energy Efficiency Pilot, it should require NFG to amend the pilot's design to include dedicated low income programming within the pilot's budget.

If the Commission authorizes NFG to initiate its EE Pilot, it should require NFG to revise its EE Pilot program design to include a dedicated low income subprogram to ensure that low income customers have equitable opportunities to access efficiency measures beyond LIURP.[418] The budget for the low income subprogram should fit within the existing EE pilot's overall budget and should be a proportion of the overall pilot budget equivalent to the proportion of low income customers' usage.[419] Funding the subprogram this way would help ensure that the funding collected from low income customers for the EE pilot

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[417] *Id.*
[418] CAUSE-PA St. 1 at 65-66.
[419] CAUSE-PA St. 1-SR at 17.

would be available to those customers to access direct benefits from the pilot.[420] The low income programming within the EE pilot should be targeted to customers who are ineligible for LIURP and should include no-cost efficiency measures with direct installation.[421]

In addition, if the Commission authorizes NFG's EE pilot to proceed, it should require the Company to develop and implement additional tracking, reporting, coordination, and outreach protocols.[422] CAUSE-PA supports I&E's recommendation that NFG be required to file an annual report on the pilot that includes information including, but not limited to, "savings (cost and Mcf), participation (by number of customers and type of rebate), spending, cost-effectiveness, highlights of portfolio and program activity, and updates to program delivery and design" with such information disaggregated for low income customers, the number of referrals to LIURP, and the number of customers referred to LIURP that received LIURP services as a result of participating in the pilot.[423] The report should also include the number of customers referred to other universal services programs, including CAP.[424]

The Commission should require NFG to screen customers participating in the EE pilot for household income to determine eligibility for enhanced efficiency and other low income programming (including LIURP and CAP), with the ability for customers to opt

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[420] *Id.*
[421] CAUSE-PA St. 1 at 66.
[422] *Id.* at 66-68; I&E St. 1 at 27.
[423] I&E St. 1 at 17.
[424] CAUSE-PA St. 1 at 66.

out, to ensure customers receive the most comprehensive services available.[425] The Commission should in turn require NFG to develop a plan for coordinating its EE pilot, including the low income subprogram proposed above, with other energy efficiency and weatherization services available in NFG's service territory, including but not limited to appropriate referrals to and coordinated measure delivery with NFG's LIURP, EDC LIURP and Act 129 programs, and the federal Weatherization Assistance Program (WAP).[426] Finally, the Commission should require NFG to develop outreach materials for the EE pilot, including the low income EE pilot subprogram proposed above. [427] This outreach should co-market the pilot with other energy efficiency services in NFG's service territory, including NFG's LIURP, EDC LIURP and Act 129 programs, and WAP, with materials available, at minimum, in English and Spanish.[428] The Commission should require NFG to consult with the Company's USAC regarding these materials to ensure the language and dissemination of the outreach reasonably informs customers of the availability of and process for applying to these energy efficiency programs.[429]

XII. <u>UNIVERSAL SERVICE ISSUES</u>

Chapter 15 of the Public Utility Code imposes crucial customer service standards on public utilities and requires NFG to furnish and maintain adequate, efficient, safe, and reasonable service to its customers.[430] Universal service issues are fundamental customer

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425 *Id.* at 67.
426 *Id.* at 66-67.
427 *Id.* at 67.
428 *Id.*
429 CAUSE-PA St. 1 at 67-68.
430 66 Pa. C.S. § 1501 *et seq*.

service issues, the standards for which are enshrined in the Choice Act and developed through decades of Commission precedent. The Commission must ensure that NFG's universal service standards, regulations, and practices are just and reasonable to ensure the Company's low income customers can access and maintain adequate and reasonable service.[431] NFG is statutorily required to maintain a portfolio of universal service programs that is appropriately funded and available to assist low income households to connect and maintain service to their home.[432] As it stands, and as detailed more fully below, NFG's universal service programs are severely undersubscribed, underfunded, and insufficiently available to meet the demonstrated need of the Company's low income customers for assistance to afford and maintain service their homes. In light of NFG's proposals in this case to substantially increase rates, CAUSE-PA submits that the Commission must make corresponding adjustments to NFG's universal service and energy conservation programs to ensure they are meeting the needs of NFG's low income customers and fulfilling all applicable statutory and regulatory requirements.

The eligibility, benefits, and program rules for NFG's universal service programs are detailed in NFG's 2022-2026 Universal Service and Energy Conservation Plan (USECP), which was approved by the Commission in April 2022.[433] Importantly, the Commission approved NFG's request to extend its current USECP through September 1,

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[431] 66 Pa. C.S. § 1501.

[432] 66 Pa. C.S. §§ 2202, 2203 (7)-(8).; 52 Pa. Code §§ 62.3, 62.4. *See* section I.B, above, for a full discussion of the applicable legal standards for universal service and energy conservation programs.

[433] CAUSE-PA St. 1 at 23*, see National Fuel Gas Distribution Corporation's Universal Service and Energy Conservation Plan for 2022-2026 Submitted in Compliance with 52 Pa. Code § 62.4*, Order, Docket No. M-2021-3024935 (Apr. 14, 2022).

2028 – long after any approved increase in rates in this proceeding, and the resulting impacts on universal service programming, would take effect.[434]

USECPs are reviewed by the Commission through a comment proceeding, which does not provide a full evidentiary basis of review – nor does it allow for the Commission to account for changing and evolving circumstances which necessarily impact the reach and effectiveness of universal service and energy conservation programs. Thus, full review of universal service programs in the context of a rate proceeding – where the justness and reasonableness of a utility's rates, programs, and terms and conditions are subject to searching review – is critically important to determine whether existing programs are adequate to meet the needs of a utility's low income customers to afford and maintain service to their home in line with the statutory and regulatory requirements, including the statutory requirements contained in Chapter 15. Rates for basic services – including rates available to low income households through CAP – cannot be determined to be just and reasonable if low income customers are unable to access service either on their own or with assistance through a universal service or energy conservation program.[435]

NFG's universal service programs include (1) a Customer Assistance Program (CAP), (2) a Low Income Usage Reduction Program (LIURP), (3) a Neighbor for Neighbor Hardship Fund (NFN), and (4) a Customer Assistance and Referral Evaluation Services

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[434] Secretarial Letter, Re: NFG 2022-2026 USECP at Docket No. M-2021-3024935 Request for Extension of Time to File NFG's Next Third-Party Evaluation and USECP, Docket No. M-2021-3024935 (Dec. 11, 2024).
[435] *See* CAUSE-PA St. 1 at 25.

(CARES).[436] NFG's low income assistance programs provide critical assistance to those customers able to access them, but are inadequate in terms of both scope and reach to address the impact of NFG's proposed rate increase.

In its initial filings in this proceeding, NFG proposed no changes to its universal services programs.[437] However, the Company revealed in response to discovery that it is evaluating certain changes to restrict eligibility for its NFN hardship fund and introduced to the record that it is evaluating these changes in its rebuttal testimony.[438] NFG is evaluating (1) restricting NFN eligibility to applicants with both low income and an additional designated hardship criterion, (2) limiting the program to only NFG customers, and (3) adding flexibility to adjust grant amounts based on demand for hardship assistance.[439] As discussed further in this section, NFG's evaluation of certain changes to NFN, discussed by NFG only in the rebuttal phase of its testimony, should not be construed as a request for approval of those changes, and the Commission should not authorize NFG to implement these changes in this proceeding.

In the context of its rate increase request, NFG has made no proposals to improve or expand the reach of its universal service programs, despite clear and uncontroverted evidence of substantial under-enrollment and overwhelming unmet need. Instead, NFG is evaluating changes to *reduce* the availability of emergency hardship assistance – further

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436 *Id.* at 23. NFG's LIURP also encapsulates two critical sub-programs: an Emergency Repair and Replacement Program (ERRP) and a Low Consumption LIURP Pilot (LC-LIURP).
437 CAUSE-PA St 1 at 25.
438 Id; NFG St. 17-R at 27.
439 CAUSE-PA St. 1 at 25; NFG St. 17-R at 28.

eroding the availability and accessibility of relief, in contravention of explicit statutory universal service requirements. NFG's failure to propose improvements to its universal service programs falls woefully short of addressing its low income customers' substantial unmet need for assistance, which will grow exponentially if any increase in rates is approved as a result of this proceeding. The Commission must require NFG to adopt program reforms to help ensure low income customers are able to maintain service to their homes both at existing rates and following approval of any rate increase in this proceeding.

A. CUSTOMER ASSISTANCE PROGRAM

1. CAP enrollment is critically important to offset harmful rate impacts on low income households, but the program is severely undersubscribed, reaching less than 11% of estimated eligible customers.

NFG's CAP is a statutorily mandated universal service program that provides targeted rate relief and arrearage management tools for households with income at or below 150% of the federal poverty level (FPL).[440] This combination of prevention-focused relief offers economically vulnerable customers an alternative path to collections that helps low income households to afford and maintain gas service by providing an affordable monthly bill, which in turn improves bill payment and coverage rates and reduces collections and termination rates among its participants.[441] As discussed in Section III.A. above, confirmed low income households that are not participating in CAP have a 17.1% termination rate

[440] 66 Pa. C.S. § 2202, 2203 (8); CAUSE-PA St. 1 at 25.
[441] CAUSE-PA St. 1 at 28.

and are more than *seven times* as likely to face involuntary termination than households enrolled in CAP, who have a 2.3% termination rate.[442]

To varying degrees, and depending on a participant's applicable CAP rate,[443] participation in the program helps to ease the impact of any increase in distribution rates.[444] CAP customers with a PIP rate will not experience a bill increase as a result of an increase in rates, but those customers whose CAP bill is their average monthly bill amount will experience a bill increase upon their next annual bill adjustment, up to their applicable PIP rate.[445] Given CAP's success with helping to insulate low income customers from the severe negative consequences of rate unaffordability, expanded enrollment in CAP is an important part of offsetting the negative impact of NFG's proposed rate increase on low income households.

As of January 2026, 6,341 NFG customers were enrolled in CAP, representing just 11% of NFG customers estimated to be income eligible and 25% of customers NFG has confirmed to be income eligible.[446] Despite the program's effectiveness, the vast majority of eligible customers (between 75-89% of NFG's low income customers) are not

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442 *See supra* Section III.A.
443 CAP rates are calculated based on the applicable percentage of income (PIP) or the average monthly bill amount, whichever is lowest. PIP rates are set at 4% for those with income between 0-50% FPL, and 6% for those with income between 51-150% FPL. NFG imposes a minimum CAP rate of $12. On a quarterly basis, NFG reviews and adjusts CAP rates to the lowest option available. CAUSE-PA St. 1 at 26.
444 *Id.* at 26-27.
445 CAUSE-PA St. 1 at 26-27.
446 *Id.* at 27.

enrolled.[447] These low income customers are currently charged NFG's full tariff rate and are subject to the unaffordable energy burdens described above.[448] They will also bear the full, unmitigated impact of any residential increase that the Commission allows in this proceeding. This substantial under enrollment undercuts the intent of the Choice Act and limits the ability of CAP to mitigate unaffordability for low income customers.[449]

NFG's high CAP attrition rate contributes to the Company's low level of CAP enrollment. In 2025, 2,589 customers were removed from CAP, and more than half of those were removed for non-response to recertification attempts.[450] NFG's CAP default rate – that is, the percentage of CAP customers who missed payments, made late payments, or failed to recertify – is 48.6% for all CAP income tiers, more than double the average for Pennsylvania NGDCs.[451] Nearly half of NFG's CAP customers struggle to comply with the Company's requirements to stay enrolled, including its process for recertifying eligibility. The Commission must require NFG to implement program improvements to ensure the Company is meeting its statutory obligation under the Choice Act to make its CAP appropriately available.[452]

To guide the implementation of recommendations to improve NFG's CAP enrollment, the Commission should require NFG to establish benchmarking goals for

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[447] *Id.* at 27 (As of January 2026, only 6,341 NFG customers were enrolled in CAP, accounting for just 10.8% of its 57,542 estimated low income customers, and 25% of its 25,308 confirmed low income customers.).
[448] *See, supra*, Section III.B., T. 1: Impact of Rate Increase on Confirmed Low Income (CLI) Customers at Average Residential Usage; *see also* CAUSE-PA St. 1 at 16, T. 2.
[449] CAUSE-PA St. 1 at 28.
[450] *Id.*
[451] *Id.*
[452] 66 Pa. C.S. § 2203(8).

increasing its CAP enrollment based on the percentage of the Company's customers that are estimated to have low income.[453] NFG should be required to strive to increase CAP enrollment by a minimum of 5% of its estimated low income customer count each year and to set forth a plan to accomplish this goal through improved outreach, education, and implementation of the recommendations set forth by CAUSE-PA.[454] In addition, the Commission should require that NFG begin reporting CAP application and recertification data to its Universal Services Advisory Committee (USAC) regularly, including, at minimum, the number of applications received, approved, and denied including the reason for denial – as well as the number of recertifications issued, the number of recertifications resulting in continued program eligibility, and the number of recertifications resulting in CAP removal, including the reason for program removal.[455] Such reporting would enable stakeholders to monitor NFG's progress toward achieving its benchmark goals.[456]

2. <u>The Commission should require that NFG implement routine screening of applicants and customers to determine eligibility for CAP and other universal service programs.</u>

The Public Utility Code requires NFG to bill customers at the rate most advantageous to the customer.[457] Failure to routinely screen customers for CAP eligibility subjects

[453] CAUSE-PA St. 1 at 36.
[454] *Id.*
[455] CAUSE-PA St. 1 at 36-37.
[456] *Id.* at 37.
[457] 66 Pa. C.S. § 1303, "Any public utility, having more than one rate applicable to service rendered to a patron, shall, after notice of service conditions, compute bills under the rate most advantageous to the patron."

customers eligible for a CAP rate to the full tariff rate, violating the statutory requirement to bill customers at the most advantageous rate. To help address NFG's low CAP enrollment levels, the Commission should require NFG to implement routine income screening of its applicants and customers to determine eligibility for CAP and other universal service programs.[458] As it stands, NFG only screens customers for low income status reactively, after a customer reaches out to the Company to inquire about a termination notice, payment arrangement, or an extension to pay their bill.[459] It is imperative to routinely and proactively connect customers with assistance *before* payment difficulties occur to help prevent the accumulation of unmanageable arrears.[460] Improving NFG's identification of low income customers and matching them to critical rate assistance and usage reduction services at the earliest opportunity is essential to providing just and reasonable rates and service to low income households.[461] Improved screening and referrals would help ensure compliance with the statutory requirement that households receive the most advantageous available rate.[462] This is not only good policy, it is a statutory obligation.[463] Pursuant to the Public Utility Code, utilities "shall, after notice of service conditions, compute bills under the rate most advantageous to the patron."[464]

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[458] CAUSE-PA St. 1 at 12.
[459] NFG St. 17-R at 7-8. NFG also identifies customers as confirmed low income upon receiving a Low Income Home Energy Assistance Program (LIHEAP) grant on behalf of the customer.
[460] CAUSE-PA St. 1-SR at 6-7.
[461] CAUSE-PA St. 1 at 12
[462] *Id.* at 11; 66 Pa. C.S. § 1303.
[463] 66 Pa. C.S. § 1303 ("Any public utility, having more than one rate applicable to service rendered to a patron, shall, after notice of service conditions, compute bills under the rate most advantageous to the patron.")
[464] 66 Pa. C.S. § 1303.

To more accurately identify CAP eligible customers and enroll these customers in a CAP rate, NFG should be required to take the following steps: [465]

- Screen all new and moving customers and applicants for income level at the time their service is established and ask whether they would like information about income qualified programs that may reduce their rate.
- Screen existing customers for household income level on any non-emergency calls by informing customers of the availability of low income assistance programs and providing the opportunity to voluntarily self-disclose income information to assess eligibility.

Customers identified as income eligible through these processes should be referred to CAP and other universal service programs.[466] While customers should be able to opt out of providing household income information, they should be informed that if they choose to disclose this information, they may be eligible for lower rates and/or free energy efficiency measures.[467] The benefits of proactive screening protocols that connect income-eligible customers to universal service programs that can help prevent the accumulation of unmanageable arrears far outweigh the cost of the brief amount of time it would take to ask customers whether they would like to provide their income information.[468]

3. <u>The Commission should require NFG to expand and improve how it utilizes data obtained through the Pennsylvania Department of Human Services (DHS) LIHEAP Data Sharing Program to improve CAP enrollment and retention.</u>

To help address NFG's CAP enrollment levels, the Commission should require that NFG further leverage data obtained through the Pennsylvania Department of Human Services (DHS) LIHEAP Data Sharing Program and expand its outreach efforts to

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[465] CAUSE-PA St. 1 at 12; CAUSE-PA St. 1-SR at 7.
[466] *Id.*
[467] *Id.*
[468] CAUSE-PA St. 1-SR at 8.

customers who share their data with the Company.[469] As discussed above, NFG is under a statutory obligation to bill customers at the most advantageous rate applicable.[470] The Commission has a statutory obligation to ensure that NFG's CAP is appropriately available to low income households to ensure they can maintain safe service to their home.[471] To better effectuate these obligations, the Commission should require that NFG more effectively utilize the data it receives through LIHEAP Data Sharing to enroll and recertify participating customers, who are known to the Company to be eligible, in NFG's CAP.

On June 13, 2024, in anticipation of the DHS LIHEAP Data Sharing Program, the Commission issued an Order encouraging utilities to participate in the data sharing program for uses such as streamlined outreach and enrollment and/or auto-recertification.[472] Since August 2025, NFG has used data sharing files received from DHS to recertify CAP eligibility for customers due for recertification and to mail simplified CAP applications to participating customers not enrolled in CAP.[473] The Company uses this data to recertify only those customers who are due for CAP recertification.[474] The Company's outreach to customers not enrolled in CAP is limited to a single mailing. Based on this limited engagement, NFG has only enrolled approximately 19% of participating LIHEAP

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[469] CAUSE-PA St. 1 at 34.
[470] 66 Pa. C.S. § 1303 ("Any public utility, having more than one rate applicable to service rendered to a patron, shall, after notice of service conditions, compute bills under the rate most advantageous to the patron.")
[471] 66 Pa. C.S. § 2203(8).
[472] *2023 Review of All Jurisdictional Fixed Utilities' Universal Service Programs*, Order, Docket No. M-2023-3038944, at 5 (order entered June 13, 2024).
[473] CAUSE-PA St. 1 at 33.
[474] *Id.* at 34.

recipients into its CAP.[475] As Mr. Geller described, the data NFG receives from DHS is immensely valuable because it indicates both that the customer is income eligible for CAP and has indicated that they want help from their utility to enroll in energy assistance programming.[476] That only 19% of the customers NFG contacted through its current protocols successfully enrolled in CAP indicates that current protocols are not sufficiently assisting customers with enrollment.[477]

The Commission should require that NFG take the additional steps outlined by Mr. Geller to use LIHEAP data received from DHS to help enroll participating customers in CAP and recertify customer eligibility:[478]

- For customers not enrolled in CAP, NFG should expand outreach to LIHEAP data sharing participants to include outreach by postal mail, email, telephone call, and text message. NFG should accept verbal authorization by telephone to enroll a customer in CAP. NFG should develop a simplified online CAP authorization form for these customers, accessible by desktop and mobile browsers, that requires a single checkbox to provide authorization for CAP enrollment. NFG should work with its USAC to develop plain language communications for this outreach.
- NFG should repeat its outreach to LIHEAP data sharing participants not enrolled in CAP if no response is received to the first round of outreach within 10 days.
- Upon receiving a CAP participant's LIHEAP data indicating that customer remains eligible for CAP, NFG should treat receipt of that data as a new recertification and reset the customer's next recertification date.

NFG asserts that it should not be required to implement these recommendations because doing so would require additional time and resources.[479] The benefits of improved CAP enrollment and reduced CAP attrition from expanded use of LIHEAP data, however,

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[475] *Id.*
[476] CAUSE-PA St. 1 at 34; CAUSE-PA St. 1-SR at 10.
[477] CAUSE-PA St. 1-SR at 10-11.
[478] CAUSE-PA St. 1 at 34-36.
[479] NFG St. 17-R at 15-17.

far outweigh the cost, as demonstrated by the CAP termination rate that is just one-seventh the termination rate for confirmed low income customers not enrolled in CAP.[480] NFG is statutorily obligated to ensure that its CAP is appropriately available to customers.[481] Appropriately leveraging LIHEAP data is a necessary step in fulfilling that statutory obligation.

4. The Commission should require NFG to expand its communications to CAP customers who are due to recertify eligibility to remediate NFG's high rate of CAP attrition due to non-response to recertification attempts.

As discussed above, more than half of the 2,589 customers removed from CAP in 2025 were removed for non-response to recertification attempts.[482] NFG's CAP default rate is more than double the average attrition rate for Pennsylvania NGDCs. [483] As it stands, when a customer is due for recertification, NFG contacts the customer either by postal mail or email depending on whether a customer has expressed a preference for email communication.[484] If no response is received in ten days, NFG resends the communication and attempts to contact the customer by telephone.[485] If no response is received after that, the Company removes the customer from CAP and sends a single letter to inform them of

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[480] CAUSE-PA St. 1, App. B: NFG Response to CAUSE-PA 1-6, Revised, Attachment; NFG Response to CAUSE-PA 1-8, Revised, Attachment – Revised; NFG Response to CAUSE-PA 1-13, Revised, Attachment – Revised. In 2025, NFG terminated service to 142 CAP customers and 3,202 non-CAP CLI customers. As of December 2025, NFG reports that it served 6,217 CAP customers and 18,684 non-CAP CLI customers. In 2025, NFG's CAP termination rate was 2.3% and its non-CAP CLI termination rate was 17.1%.
[481] 66 Pa. C.S. § 2203(8).
[482] CAUSE-PA St. 1 at 28.
[483] *Id.*
[484] NFG St. 17-R at 14.
[485] CAUSE-PA St. 1 at 29-30.

the change.[486] To fulfill its statutory obligation to ensure NFG's CAP is appropriately available to customers in need, the Commission should require NFG to expand its efforts to communicate with and facilitate recertification for customers that they are due to recertify.[487]

The Commission should require NFG to expand its initial communication to customers who are due to recertify to include contact by postal mail, email, telephone call, and text message at both the initial communication and the ten-day follow-up steps.[488] All communications should include instructions for how to recertify online.[489] In addition, NFG should expand its communication to customers who are removed from CAP for non-response to recertification attempts to include outreach by postal mail, email, telephone call, and text message.[490] All communications regarding removal from CAP should include a CAP application and instructions for how to re-apply for CAP online, by telephone, or by mail.[491] NFG should also be required to implement the expanded auto-recertification procedures for CAP customers participating in LIHEAP data sharing described above.[492] Taking these steps is necessary to work toward redressing NFG's CAP attrition rate and ensuring CAP is appropriately available to NFG's customers.[493]

5. <u>The Commission should require NFG to improve its CAP data tracking and reporting and should commence an audit of NFG's</u>

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[486] CAUSE-PA St. 1 at 30.
[487] 66 Pa. C.S. § 2203(8).
[488] CAUSE-PA St. 1 at 31.
[489] *Id.*
[490] *Id.*
[491] *Id.*
[492] *See supra* Section XII.A.3.
[493] 66 Pa. C.S. § 2203(8).

collections and universal service program reporting to assess the need for further corrective action.

NFG reports that it does not track and cannot report data regarding the total or average dollars in debt for CAP customers.[494] In addition, there appear to be potential inaccuracies with the data that NFG has reported for the Commission's Universal Service Programs and Collections Performance report, with NFG reporting the same percentage of customers defaulting on CAP across each income tier year over year, raising concerns about the accuracy of these rates.[495] Accurate and complete data regarding CAP customer payment performance and default is critical for the Commission and stakeholders to fully assess how well NFG's CAP is functioning to deliver affordable bills to customers enrolled.[496] To ensure complete and accurate data is available to assess NFG's CAP, the Commission should require that NFG begin tracking and reporting the total dollars in debt and the average arrearage level for CAP customers, and the Commission should commence an audit of the Company's collections and universal service program reporting to assess whether additional corrective action is necessary.[497]

B. LOW INCOME USAGE REDUCTION PROGRAM

1. The Commission should require NFG to develop a written plan to fully expend its LIURP budget each year to address the Company's chronic LIURP underspending.

NFG's LIURP is a statutorily mandated universal service program that provides energy efficiency and usage reduction services for households with income at or below

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[494] *Id.*
[495] CAUSE-PA St. 1 at 37-38.
[496] *Id.* at 38.
[497] CAUSE-PA St. 1 at 38.

150% of the FPL, or up to 200% FPL for customers with special needs.[498] For customers who are able to access NFG's LIURP, the program provides meaningful usage reduction, with participants experiencing on average 18-20% usage reductions after receiving services.[499] The usage reductions LIURP provides translate into bill savings that can help customers mitigate the impact of a rate increase, but NFG's chronic failure to expend its LIURP budget and accomplish the number of jobs it projects to complete in its USECP severely undermine the program's effectiveness at mitigating rate unaffordability.[500]

Despite the substantial unmet need of NFG's low income customers for usage reduction services, NFG has failed to fully expend its LIURP budget in every year since at least 2018.[501] As of 2024, 37,867 NFG customers are estimated to be income eligible for LIURP, and another 20,590 could be eligible with through the special needs exemption.[502] However, from 2023 through 2025, NFG completed a total of just 366 LIURP jobs – 64% of the jobs it projected to complete in this timeframe.[503] Of its $1,391,000 annual budget, NFG spent just $307,012 in 2023 and $804,649 in 2024.[504] NFG spent $1,353,436 of its LIURP budget in 2025, but credits that improvement in spending to "unique circumstances in 2025, when a government shutdown resulted in additional work being redirected from

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[498] 66 Pa. C.S. § 2202, 2203 (8); CAUSE-PA St. 1 at 38.
[499] CAUSE-PA St. 1 at 39.
[500] *Id.* at 39-42.
[501] *Id.* at 41.
[502] *Id.* at 40.
[503] CAUSE-PA St. 1 at 41, T. 3. Projected and Actual LIURP Jobs Numbers, 2023-2025.
[504] *Id.*

community agencies to the Company, potentially inflating the current year's figures," and indicating that NFG "remains cautious when projecting expenditures for 2026."[505]

Given the substantial unmet need for usage reduction services among NFG's low income customers, the Commission should not allow the Company to hedge expectations about its LIURP performance by remaining cautious and should require that NFG set forth a written, detailed plan for fully expending its LIURP budget each year.[506] The written plan should include action steps to guide NFG in fully spending down the existing budget that has been rolled over from prior years, as well as plans to ensure NFG can fully expend its LIURP budget in each subsequent year.[507] The plan should be informed by NFG's third-party LIURP evaluation, with input and recommendations from members of NFG's USAC.[508] The plan should address coordination with other energy efficiency programs and action steps to prioritize customers most in need of usage reduction services while expanding the program to those currently unable to access LIURP services.[509] It should explore the expanded referral streams that NFG indicated prompted an increase in LIURP expenditures in 2025 and develop action steps to continue and expand on those strategies.[510] The Commission should require NFG to file this written plan at its USECP docket within 90 days of the effective date of rates in this proceeding.[511]

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505 CAUSE-PA St. 1 at 41-42, *quoting* NFG St. 17 at 5.
506 CAUSE-PA St. 1 at 43.
507 *Id.*
508 *Id.*
509 CAUSE-PA St. 1 at 44.
510 *Id.*
511 *Id.*

2. The Commission should require NFG to end its unreasonable exclusion of mobile homes from participating in the Company's LIURP.

NFG's policy excluding low income customers residing in mobile homes from participating in LIURP is unreasonable rate discrimination that violates the Public Utility Code's prohibition against discrimination in rates and service.[512] To help address the heightened rate unaffordability that would result from authorizing any increase in rates in this proceeding and rectify this unreasonable rate discrimination, the Commission should require that NFG end its policy of excluding customers who reside in mobile homes from participating in LIURP.[513] Notably, mobile homes are explicitly included in the definition of "dwelling" in the Commission's LIURP regulations, but NFG categorically excludes this dwelling type from its LIURP.[514] In some of the counties that NFG serves, as much as 17% of customers with income at or below 150% FPL and 12% of customers between 151-200% FPL reside in mobile homes and are currently unable to access the usage reduction and bill savings available through LIURP because of their dwelling type.[515]

NFG asserts that issues with construction and the need for structural repairs pose obstacles to weatherizing mobile homes, and that insulating mobile homes can be less cost effective.[516] However, these generalized obstacles should not serve to exclude an entire classification of low income customers from receiving targeted usage reduction services.

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[512] 66 Pa. C.S. §§ 1304; 1502.
[513] CAUSE-PA St. 1 at 44.
[514] 52 Pa. Code § 58.2, "*Dwelling*—A structure being supplied with residential utility service such as a house, apartment, mobile home or single-metered multiunit under § 56.2 (relating to definitions)."
[515] CAUSE-PA St. 1-SR at 12.
[516] NFG St. 17-R at 24.

The fact is, energy efficiency measures can effectively reduce usage and energy bills for residents of mobile homes.[517] In its 2024 report evaluating NFG's LIURP, APPRISE indicated that when it interviewed NFG LIURP services providers for suggestions to improve the program, one provider urged expansion of LIURP to mobile homes, highlighting the potential in this dwelling type, and indicated that the provider agency had practical experience delivering weatherization measures to mobile homes.[518] Of note, NFG's LIURP contains funding for health and safety remediation and for incidental repairs designed to overcome physical obstacles to delivering weatherization services to eligible customers.[519] There is nothing in the record to suggest that the structural repairs needed for all mobile homes in NFG's service territory are beyond help.

NFG also asserts that customers residing in mobile homes are eligible for emergency services through its ERRP, which is a component of LIURP.[520] Critically, however, the emergency services available through ERRP are not designed to deliver the long-term usage reduction and bill savings that are available through comprehensive LIURP services.[521]

It is unreasonable to allow NFG to continue excluding mobile home residents from LIURP. The Commission should require that NFG begin allowing customers residing in mobile homes to participate in LIURP with the effective date of rates in this proceeding.[522]

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[517] CAUSE-PA St. 1 at 42.
[518] *Id.* at 42-43.
[519] *Id.* at 12.
[520] NFG St. 17-R at 24.
[521] CAUSE-PA St. 1-SR at 12.
[522] CAUSE-PA St. 1 at 44.

3. <u>To help offset the impact of any approved rate increase in this proceeding, the Commission should require NFG to increase its budget for LIURP by a percentage equal to any approved increase in residential rates.</u>

To help offset the impact of any rate increase authorized in this case, CAUSE-PA strongly supports the recommendation of the Pennsylvania Weatherization Providers Task Force that NFG should be required to increase the budget for LIURP by an amount proportional to the percentage of any rate increase for the residential class authorized in this proceeding.[523] As discussed above, there is a substantial unmet need for LIURP services among NFG's low income customers.[524] Any rate increase authorized in this proceeding is likely to result in increased arrears, terminations, and payment trouble for NFG's low income customers,[525] driving increased demand for comprehensive weatherization, conservation and efficiency services through LIURP to help offset rising energy costs and improve overall bill affordability.

The Commission's Final Form LIURP rulemaking and recent rate case decisions have explicitly stated that LIURP budgets – as well as other critical universal service issues – are appropriate for consideration in a rate proceeding.[526] Specifically, the Commission concluded in its recent Final-Form Rulemaking Order:

> We recognize that while it is appropriate to determine the effectiveness and prudence of universal service costs in a USECP proceeding, we also recognize that it is necessary to evaluate the appropriateness of a LIURP funding

[523] Pa. Weatherization Providers Task Force St. 1 at 7.
[524] *See supra* Section XII.B.1.
[525] *See* CAUSE-PA St. 1 at 19.
[526] *Pa. PUC v. PGW*, Opinion and Order, Docket No. R-2023-3037933, at 216 (order entered Nov. 9, 2023); *see Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1—58.18,* Final Form Rulemaking Order, Docket No. L-2016-2557886, at 50, 123 (order entered March 13, 2025).

> requirement in non-USECP proceedings such as rate cases. The recoverable costs of a public utility's universal service programs are borne by its residential ratepayers. **We acknowledge that rate case proceedings, for example, allow parties to, inter alia, consider the justness and reasonableness of the cost of a public utility's universal service programs including its LIURP.** Accordingly, we have revised § 58.4(a.1) and (c) to clarify that a LIURP budget may be modified subject to approval in a Commission proceeding.[527]

As discussed, NFG has historically failed to perform the number of LIURP jobs it projected to in its USECP and failed to expend its full LIURP budget.[528] NFG's failure to expend its LIURP budget, however, does not disprove that additional LIURP funding is critical to addressing the vast unmet need for LIURP services among NFG's low income customers. It highlights the need for NFG to implement program reforms and develop a plan to improve its delivery of LIURP services, as discussed above.[529] The Commission should not excuse NFG from compliance with its statutory obligation under the Choice Act to appropriately fund its LIURP because the Company has historically struggled to make the program appropriately available to customers.[530] NFG has recently taken steps to improve its delivery of LIURP, including expanded outreach to customers and identifying contractors capable of handling more frequent and consistent work, which the Company describes as successful based on recent increases in LIURP spending and jobs completed.[531] To address the unmet need for LIURP services in NFG's service territory, and better offset the impact of any approved rate increase on NFG's low income

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[527] *Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1—58.18, Final Form Rulemaking Order*, Docket No. L-2016-2557886, at 123 (order entered March 13, 2025).
[528] *See supra* Section XII.B.1.
[529] *See supra* Sections XII.B.1.-2.
[530] 66 Pa. C.S. § 2203(8).
[531] NFG St. 17-R at 22.

households, the Commission should require NFG to implement the program reforms discussed and, in turn, to increase its LIURP budget to ensure the program is appropriately funded to meet the needs of the Company's customers.

C. NEIGHBOR FOR NEIGHBOR HARDSHIP FUND

1. Critically low funding for NFG's NFN impairs the program's ability to address the Company's low income customers' need for emergency assistance.

The Commission should require NFG to take affirmative steps to ensure appropriate funding for its Neighbor for Neighbor Hardship Fund (NFN) and should not permit the Company to implement changes to restrict NFN eligibility and reduce NFN grant amounts.[532] The NFN is a universal service program that provides emergency assistance to those living in NFG's service territory to assist with a non-electric home heating energy emergency.[533] To qualify for assistance, an applicant must have income at or below 200% FPL, or demonstrate a specified hardship criterion.[534]

The Choice Act requires that NFG's universal service programs, including its NFN, be appropriately funded and available to customers.[535] The NFN, however, faces a serious funding crisis that will remain chronic unless action is taken to address the NFN's inadequate funding.[536] The need for assistance from the fund has sharply increased, reflected in its drastically declined balance:

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[532] CAUSE-PA St. 1 at 50; NFG St. 17-R at 27.
[533] CAUSE-PA St. 1 at 44.
[534] *Id.* at 45. Specified hardship criteria include households with a member who is age 55 or older, has a disability, receives unemployment compensation, has a recent loss of income, is a veteran, or has a medical emergency.
[535] 66 Pa. C.S. § 2203(8).
[536] CAUSE-PA St. 1 at 47.

- December 2023: $265,628
- December 2024: $250,377
- December 2025: $29,613[537]

The fund was depleted on February 25, 2026, and to avoid suspending the program, NFG released its annual $92,000 shareholder contribution early.[538] Even at existing rates, NFG's low income customers not enrolled in CAP carry debt totaling approximately $4,107,714, demonstrating the significant need for emergency assistance in NFG's service territory.[539] Any rate increase authorized in this proceeding will only drive further need for emergency assistance.[540] Without intervention, there is a serious risk the fund will be depleted again soon – with no remaining annual shareholder contribution available to avoid suspension of the program again.[541] NFG's failure to adequately fund the NFN to meet the need of its customers facing hardship contravenes the Choice Act's requirement that the Company's universal service programs be appropriately funded and available.[542]

NFG did not propose any changes to its universal service programs, including to NFN, in its rate increase filing, and provided no direct testimony mentioning or explaining any changes.[543] However, in response to discovery, NFG disclosed that it is "evaluating" certain changes to NFN, including (1) requiring that applicants prove *both* income eligibility and an additional hardship criterion, (2) limiting NFN eligibility to NFG

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[537] *Id.*
[538] *Id.*
[539] *Id.*
[540] CAUSE-PA St. 1 at 46-47.
[541] CAUSE-PA St. 1 at 47.
[542] 66 Pa. C.S. § 2203(8).
[543] CAUSE-PA St. 1 at 45.

customers, and (3) adding "flexibility to adjust the grant amount based on demand," which NFG clarified would allow the maximum grant amount to be reduced when demand is high or funds are low.[544] The changes NFG is evaluating include no commitments from the Company to do anything to address the critical level of NFN funding in the face of demonstrated need and would place the entire burden for addressing the NFN's funding crisis on customers facing home heating emergencies by restricting eligibility and reducing grants.[545] To help ensure alignment with the Choice Act's requirements that universal service programs be both appropriately funded and appropriately available, the Commission should require NFG to take action to increase available funds in the NFN and should not allow NFG to implement changes to make NFN less available.[546]

2. <u>The NFN changes NFG is evaluating should not be authorized because they were not formally proposed and would contravene the Choice Act's requirements that the NFN must remain appropriately funded and available to eligible households.</u>

NFG did not include any proposals to modify the NFN in its rate request filing but disclosed in response to a discovery request from CAUSE-PA that it is evaluating changes to restrict NFN eligibility and grant amounts.[547] The Company put on no direct testimony disclosing that it was evaluating any changes to NFN or explaining such changes. NFG did not introduce the fact it is evaluating NFN changes into the record until its rebuttal testimony dated May 12, 2026, nearly three months after the Commission suspended the

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[544] *Id*; NFG St. 17-R at 29.
[545] CAUSE-PA St. 1-SR at 13.
[546] CAUSE-PA St. 1 at 50.
[547] *Id.* at 45.

Company's rate change request for investigation on February 19, 2026.[548] The Commission should not allow NFG to implement these changes to NFN in this proceeding because the Choice Act imposes a duty on the Commission to oversee NFG's universal service programs, including NFN, that is impossible for the Commission to carry out without NFG providing the Commission with adequate notice of program changes.[549] Even if the Company had included these changes in its rate filing, the Commission should not allow NFG to implement them because restricting the availability of NFN in the face of a funding crisis contravenes the Choice Act's requirement that NFG's universal service programs, including its NFN, be appropriately funded and available.[550]

The Commission has explicitly stated that "NFG is responsible for establishing the eligibility criteria for its NFN and *seeking approval to amend its USECP prior to making program changes*."[551] Here, NFG failed to include any request for approval to modify its NFN in its initial rate filing. Based on the record, it is not clear whether NFG has actually proposed these changes or requested Commission approval to implement them. If NFG construes its disclosure of NFN changes in response to a discovery request as a proposal to implement those changes, the Commission should reject it because doing so would deprive the Commission of its oversight authority under the Choice Act.[552]

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[548] NFG St. 17-R at 27; February 19, 2026 Order.
[549] 66 Pa. C.S. § 2203(8).
[550] 66 Pa. C.S. § 2203(8).
[551] *National Fuel Gas Distribution Corporation's Universal Service and Energy Conservation Plan for 2022-2026 Submitted in Compliance with 52 Pa. Code § 62.4* at 56 (order entered May 3, 2022) (emphasis added).
[552] 66 Pa. C.S. § 2203(8).

Even if the Company made a clear request that the Commission approve these changes to restrict NFN eligibility and grant amounts in a legally sufficient manner, consistent with the Choice Act, the Commission should not allow the Company to implement them because restricting access to the NFN in the face of a funding crisis and rising demand for the program contravenes the Choice Act's requirements that NFG's universal service programs, including its NFN, be appropriately funded and available. As discussed, demand for assistance through the NFN has increased significantly in recent years, and available funding in the NFN has decreased to critical levels.[553] The increased number of grants distributed in recent years demonstrate the need for emergency assistance among NFG's customers, but critically low funding for the NFN threatens the ability of the NFN to provide grant assistance to customers in need.

NFG's proposals to address the NFN's funding crisis are limited to changes that would make the NFN *less* available to customers by eliminating eligibility for many households and reducing grant amounts.[554] The Company's proposals to restrict eligibility would unreasonably eliminate emergency grant assistance for many, including low income customers who are unable to also prove an additional enumerated hardship criterion.[555] The Commission expressly disallowed NFG from "unfairly exclud[ing]" customers with income at 0% to 150% FPL from accessing NFN in the Company's 2022-2026 USECP

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[553] CAUSE-PA St. 1 at 47.
[554] *Id.* at 48-49.
[555] *Id.*

proceeding.[556] The Commission noted that it was unaware of any other utility that excluded customers at 0% to 150% FPL from receiving a hardship grant.[557] The Commission should not allow NFG to implement such unfair exclusion now. In addition, NFG's proposal to reduce grant amounts during periods of heightened demand or decreased funds is inappropriate, and – when coupled with critically low levels of funding and no proposals to do anything to increase funding -- will result in permanently reduced grants to customers in need.[558] The Choice Act requires the Commission to ensure that NFG's universal service programs are both appropriately funded and available to assist low income and other vulnerable customers can access and maintain safe service to their home.[559] The Commission should not allow NFG to skirt its responsibility to ensure adequate funding by placing further restrictions on eligibility, especially in the face of the demonstrated need for NFN assistance in NFG's service territory.

The Commission should reject the changes to NFN eligibility and grant amounts that NFG is evaluating because the changes would contravene the Choice Act's requirements to ensure that NFG's universal service programs are appropriately funded and available – and because the Company's introduction of changes to its NFN limits after

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[556] *National Fuel Gas Distribution Corporation's Universal Service and Energy Conservation Plan for 2022-2026 Submitted in Compliance with 52 Pa. Code § 62.4* at 56 (order entered May 3, 2022).
[557] *National Fuel Gas Distribution Corporation's Universal Service and Energy Conservation Plan for 2022-2026 Submitted in Compliance with 52 Pa. Code § 62.4* at 54 (order entered May 3, 2022).
[558] CAUSE-PA St. 1 at 49.
[559] 66 Pa. C.S. § 2203(8).

its initial filings limits adequate review of these changes, and deprives the Commission of its universal service program oversight authority.

3. The Commission should require NFG to develop a fundraising plan to increase voluntary contributions to the NFN to ensure it is appropriately available to customers in need of emergency assistance.

NFG acknowledges that during the pendency of this proceeding, "NFN funding decreas[ed] to a critical level,"[560] but in the same breath, the Company insists that the NFN's current funding level is sufficient.[561] NFG asserts that it must restrict eligibility for the NFN and reduce grant amounts "to preserve the viability of the hardship fund and ensure the continued availability of assistance to customers throughout the program year"[562] but is evaluating no changes to increase available funds in the NFN. To promote the appropriate funding of NFN, the Commission should require NFG to develop and implement a fundraising plan to encourage voluntary contributions to the NFN.[563]

The Choice Act imposes a statutory duty on the Commission to ensure that NFG's universal service programs, including its NFN, are appropriately funded, and brings such programs under the Commission's administrative oversight.[564] NFG asserts that it is "neither reasonable nor appropriate" for the Commission to require that the Company conduct fundraising or solicit donations to the NFN because the fund is administered through a third party entity, the Greater Erie Community Action Committee (GECAC).[565]

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[560] NFG St. 17-R at 27.
[561] *Id.* at 28.
[562] NFG St. 17-R at 30.
[563] CAUSE-PA St. 1 at 50.
[564] 66 Pa. C.S. § 2203(8).
[565] NFG St. 17-R at 30-31.

However, it is NFG, not GECAC, that has the statutory obligation to ensure its NFN program is appropriately funded and available.[566] The NFN is subject to the Commission's administrative oversight and NFG cannot disclaim its obligations under the Choice Act because it uses a third party program administrator.[567] Attempting to offload the obligation to ensure that NFN is appropriately funded and available by asserting that GECAC administers the program's fundraising contravenes the Choice Act and undercuts the Commission's ability to exercise its statutory authority to oversee NFG's NFN.[568]

Given NFG's NFN funding crisis, the Commission should order NFG to take action to promote adequate funding for the NFN.[569] At minimum, the Commission should order NFG to develop and implement a fundraising plan to encourage voluntary contributions to the NFN.[570]

XIII. CUSTOMER/QUALITY OF SERVICE ISSUES

As discussed above, universal service issues are fundamental customer service and standard of service issues.[571] To ensure compliance with the statutory customer service standard requirements of Chapter 15, the Commission should implement the universal service program and policy changes recommended by CAUSE-PA above.[572]

CAUSE-PA strongly supports the OCA's recommendation that the Commission require NFG to conduct an analysis of the extent to which payment arrangements prevent

[566] CAUSE-PA St. 1-SR at 14; 66 Pa. C.S. § 2203(8).
[567] CAUSE-PA St. 1-SR at 14.
[568] 66 Pa. C.S. § 2203(8).
[569] CAUSE-PA St. 1 at 50.
[570] *Id.*
[571] *See supra* Section XII.
[572] *See supra* Section XII.

terminations after a termination notice has been issued to a customer.[573] As OCA witness Ms. Wise explained, NFG does not currently track data regarding whether termination is avoided when a customer enters a payment arrangement. The Commission should require that NFG begin tracking such data and analyze the effectiveness of its payment arrangement policies at preventing termination and supporting customers experiencing payment difficulties as a condition of any rate increase authorized in this proceeding. In addition, CAUSE-PA strongly supports the OCA's recommendation that the Commission require NFG to perform regular and thorough root-cause analyses of customer complaint trends to identify and document infractions and confirmed violations and to identify a strategy to improve outcomes.[574]

XIV. MISCELLANEOUS/OTHER ISSUES

A. LTIIP AND LPP REPLACEMENTS

CAUSE-PA did not take a position related to LTIIP and LPP replacements but reserves the right to address any issue raised by other parties in its Reply Brief.

B. RESTORATION COSTS

CAUSE-PA did not take a position related to restoration costs but reserves the right to address any issue raised by other parties in its Reply Brief.

C. TARIFF RULE 8

NFG is proposing in the context of this proceeding to revise its Tariff Rule 8.[575] Tariff Rule 8, "Access to Premises," provides that NFG's authorized agents shall have free

[573] OCA St. 5 at 13-14.
[574] OCA St. 5 at 5.
[575] CAUSE-PA St. 1 at 70.

access at all reasonable times to customer premises for the purpose of accessing gas equipment belonging to NFG – as well as piping and appliances belonging to the customer.[576] NFG is proposing to expand the definition of "free access" under Tariff Rule 8 to state explicitly that Company agents will not be subject to unsafe or hazardous conditions while on premises, which the Tariff Rule defines broadly to include the presence of insect or rodent infestation, excrement, debris, or other rubbish, or "any other circumstance that may reasonably pose a threat to the health or safety of Company employees or agents."[577]

As a threshold matter, CAUSE-PA emphasizes that it is necessary for NFG to access gas equipment on customer premises, and to ensure the safety of its personnel.[578] However, CAUSE-PA is opposed to the proposed changes to Tariff Rule 8, which would infuse highly subjective language into this Tariff Rule.[579] Under both its current and proposed tariff, NFG has the ability to refuse or terminate service for noncompliance with tariff rules, including Tariff Rule 8.[580] Explicitly characterizing the presence of pests, debris, "rubbish" or other health and safety issues as within the scope of this Tariff Rule could result in customers having service refused or terminated based on subjective determinations related to these perceived conditions which may not pose any threat to NFG's employees.[581] NFG's proposed tariff language would allow NFG and its representatives to make

[576] National Fuel Gas Distribution Corporation Tariff Pa. P.U.C. No. 9, Original Page No. 19.
[577] NFG St. 16 at 29:9-18. CAUSE-PA St. 1 at 70: 3-10.
[578] CAUSE-PA St. 1 at 70: 12-14.
[579] *Id.* at 70: 15-20.
[580] *Id.* at 70.
[581] *Id.* at 70: 15-20.

subjective determinations based on a range of cultural and moral differences that could result in termination or refusal of service.[582]

Importantly, NFG already has a range of protocols for addressing health and safety conditions on customers' premises:

- A rule prohibiting employees from entering customer premises if health and safety concerns are present.[583]
- A protocol requiring that health and safety issues present at customer premises must be remediated before employees are permitted to perform work.[584]
- A Safety Gatekeeper Program, through which its employees can report concerns about customer wellbeing or unsafe field conditions to their supervisors, who determine whether to refer the customer to resources or support services.[585]

NFG has not made clear that proposed revisions to Tariff Rule 8 would provide any additional protection for its employees – though it is abundantly clear that the Tariff Rule 8 revisions may subject customers to refusal or termination of services for an impossibly broad range of subjective conditions – including those which may be beyond the customer's control and that they may not be able to remediate without assistance.[586] The highly subjective nature of proposed Tariff Rule 8 would make it difficult for the Commission and interested parties to determine if this Rule is being implemented in compliance with NFG's statutory and regulatory requirements.[587] Given that NFG has already established protocols for responding to potential health and safety concerns at a

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[582] *Id.*
[583] CAUSE-PA St. 1 at 70-71.
[584] *Id.* at 71: 2-9.
[585] *Id.*
[586] CAUSE-PA St. 1 at 71: 10-16.
[587] *Id.*

customer's premises, NFG has not demonstrated that the proposed language is necessary to protect employees or customers.[588]

For these reasons, CAUSE-PA recommends that NFG's proposed revisions to its Tariff Rule 8 are denied.[589] CAUSE-PA additionally recommends that the Commission require NFG to track and report terminations, delays, and denials of service based on health and safety conditions, and the steps taken by NFG – through its Safety Gatekeeper Program or otherwise – to help connect customers with such conditions on their premises with remediation resources.[590]

D. METHANE DETECTOR PROGRAM

CAUSE-PA did not take a position related to the methane detector program but reserves the right to address any issue raised by other parties in its Reply Brief.

XV. CONCLUSION

CAUSE-PA urges the Honorable Administrative Law Judge Katrina L. Dunderdale and the Pennsylvania Public Utility Commission to deny NFG's proposed revenue increase. CAUSE-PA further urges adoption of the rate design, policy, and programmatic reforms recommended by CAUSE-PA throughout this Main Brief. To the extent it is determined that any revenue increase is warranted in this proceeding, CAUSE-PA urges the adoption of rate of return, revenue requirement, and capital structure proposed by the OCA in its testimony. Adopting these recommendations would help mitigate the effects of NFG's categorically unaffordable rates on low income households, promote just and

[588] 66 Pa. C.S. § 1501.
[589] CAUSE-PA St. 1 at 71: 10-16.
[590] CAUSE-PA St. 1-SR at 25-26.

equitable rates, and improve access to universal service and energy conservation programs that ensure low income households can maintain services to their homes.

Respectfully submitted,
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Date: June 22, 2026

APPENDIX A: SUMMARY TABLES OF POSITIONS AND ADJUSTMENTS

CAUSE-PA has not taken a position on rate base adjustments and consequently is not providing a summary table of positions and adjustments.

APPENDIX B: PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDERING PARAGRAPHS

PROPOSED FINDINGS OF FACT

Impact of Rate Increase on Low Income Households

1. NFG's current rates are already unaffordable for low income households.[591]
2. NFG serves 57,542 estimated low income customers and 24,901 confirmed low income customers.[592]
3. Only 6,217 NFG customers were enrolled in NFG's customer assistance program (CAP) as of December 2025.[593]
4. Low income families already struggle to make ends meet each month and are regularly forced to make untenable choices between affording utility services and other basic necessities – such as food, medicine, medical care, and housing.[594]
5. Any additional increase in the cost of necessities, including the rates for basic gas service, will result in increased unaffordability for low income households, leading to increased terminations and uncollectible expenses.[595]
6. NFG's proposed rate increase would substantially increase the portion of low income customers' energy burdens attributable to their gas bill.[596]

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591 CAUSE-PA St. 1 at 13-21.
592 *Id.* at 9-10.
593 *Id.* at 27, App. B: NFG Response to CAUSE-PA 1-6, Revised, Attachment.
594 CAUSE-PA St. 1 at 13.
595 *Id.* at 17.
596 *Id.* at 15-17, T. 2.

7. NFG's low income customers carry disproportionate levels of residential customer debt and are far more likely to have their service terminated for nonpayment.[597]
    a. As of January 2026, NFG's confirmed low income customers that are not enrolled in CAP carried 52% of residential customer debt, though they made up just 9.6% of the residential customer class.[598]
    b. In 2025, more than 1 in 10 confirmed low income customers had service involuntarily terminated by NFG, compared to a termination rate of 4 in 100 for the overall residential class.[599]
8. Confirmed low income households not enrolled in NFG's CAP are more than seven times more likely to face involuntary termination than households enrolled in CAP.[600]
9. If the Commission approves a rate increase in this case, without substantial mitigation through expanded programs and improved consumer protections, it will have a severe and detrimental impact on low income families across NFG's service territory.[601]

Rate Design, Revenue Allocation, and Class Cost of Service

10. If NFG's rate increase request were approved in its entirety, the residential customer charge would comprise 21% of a customer's bill at 80 Ccf per month usage.[602]

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[597] CAUSE-PA St. 1 at 17-19.
[598] *Id.* at 18.
[599] *Id.* at 18-19.
[600] CAUSE-PA St. 1, App. B: NFG Response to CAUSE-PA 1-6, Revised, Attachment; NFG Response to CAUSE-PA 1-8, Revised, Attachment – Revised; NFG Response to CAUSE-PA 1-13, Revised, Attachment – Revised.
[601] CAUSE-PA St. 1 at 13.
[602] CAUSE-PA St. 1 at 4.

11. Rate structures with a high proportion of a customer's monthly bill in the fixed customer charge undermine consumers' ability to mitigate rate unaffordability through conservation, usage reduction, and adoption of energy efficiency measures.[603]

12. Increasing the residential customer charge would undermine the goals of the Low Income Usage Reduction Program (LIURP) to help low income, high usage customers reduce their bills through usage reduction.[604]

13. NFG's proposed residential customer charge would exceed the average residential customer charge for NGDCs in Pennsylvania.[605]

14. Distributing the one-time Other Post-Employment Benefits refund credit in a winter month would maximize the credit's efficacy as rate relief for low income customers.[606]

15. Pairing distribution of the one-time Other Post-Employment Benefits refund credit with income screening and universal service program outreach would facilitate improved enrollment in NFG's universal service programs, including CAP.[607]

Weather Normalization Adjustment (WNA)

16. Pennsylvania's weather is undergoing a persistent, long-term warming trend that experts project will continue.[608]

17. Pennsylvania's temperature rose approximately 1.2 degrees Fahrenheit between 2000 and 2023 and is projected to rise another 6.7 degrees Fahrenheit by mid-century.[609]

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[603] CAUSE-PA St. 1 at 51-53; OCA St. 1 at 74; WPTF St. 1 at 4-5.
[604] CAUSE-PA St. 1 at 52.
[605] OCA St. 1 at 73.
[606] CAUSE-PA St. 1 at 69.
[607] CAUSE-PA St. 1 at 69.
[608] CAUSE-PA St. 1 at 57; NFG St. 19 at 26, Fig. 1.
[609] CAUSE-PA St. 1 at 57.

18. As Pennsylvania's weather continues to warm, fewer Heating Degree Days (HDDs) will occur over time.[610]

19. Pennsylvania's warming weather will result in NFG's WNA more likely imposing charges on customers' bills than yielding bill credits, with charges in greater amounts.[611]

20. In total, since taking effect in October 2023 through April 2026, NFG's WNA pilot has resulted in net additional charges of approximately $6.5 million on the Residential Sales customer class that customers would not have otherwise been charged based on usage.[612]

21. NFG's WNA pilot has worked to the detriment of customers and to the benefit of NFG.[613]

22. NFG's WNA distorts the connection between revenue and cost causation by charging customers more when their usage is lower than normal and less when their usage is higher than normal.[614]

23. NFG's WNA inverts the relationship between capacity utilization and customer charges by crediting customers when weather is colder than normal and more of the Company's fixed capacity is utilized, and charging customers when weather is warmer than normal and less of the Company's fixed capacity is utilized.[615]

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[610] *Id*; NFG St. 19 at 26, Fig. 1.
[611] CAUSE-PA St. 1 at 57.
[612] CAUSE-PA St. 1-SR at 23.
[613] *Id.*
[614] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 1.
[615] OCA St. 1 at Ex. MWD-1, at 1; CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 2.

24. NFG's WNA does not reflect the level of demand associated with customers' anticipated consumption levels but instead aligns NFG's revenue collection with revenue projections despite reduced demand based on weather.[616]

25. NFG's WNA disincentivizes energy efficiency efforts by charging customers for reduced usage regardless of whether their usage reduction was attributable to weather or the deliberate adoption of energy efficiency and conservation measures.[617]

26. NFG's WNA increases the cost of the CAP program by increasing the amount of CAP credit borne by the residential customer class.[618]

27. NFG's WNA charges contribute to the unaffordability of rates, destabilizing the ability of the Company's low income customers to afford and stay connected to gas service.[619]

28. NFG's WNA is based on an overly nuanced and complex calculation that results in charges or credits that subvert consumers' expectations about the relationship between their usage and their bills.[620]

29. NFG's WNA shifts weather-related business risk that would normally be a part of NFG's traditional business risk onto its customers.[621]

Energy Efficiency Pilot (EE Pilot)

[616] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 3.
[617] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 5.
[618] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 6.
[619] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 7.
[620] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 12; CAUSE-PA St. 1 at 58.
[621] CAUSE-PA St. 1, App. C, Ex. Geller C-2 at 8.

30. Rebate-based incentive programs are inaccessible to low income customers because low income customers lack the discretionary income to take advantage of rebate programs.[622]

31. NFG's proposed EE Pilot lacks dedicated low income programming and makes no provision for low income customers to realistically participate or derive quantifiable usage or bill savings from it.[623]

32. NFG's proposed EE Pilot would not provide equitable opportunities for low income customers to receive energy efficiency incentives.[624]

33. NFG's EE Pilot proposal would require low income customers to contribute to the cost the program but would not provide them with the opportunity to realistically participate in it.[625]

Customer Payment Transaction Costs

34. Requiring payment fees for customers to pay bills by electronic payment methods has a discriminatory impact on low income customers.

Universal Service Issues

35. NFG's next USECP filing is not due until September 1, 2028, long after rates in this proceeding and the resulting impacts would take effect.[626]

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[622] CAUSE-PA St. 1 62.
[623] *Id.*
[624] *Id.*
[625] CAUSE-PA St. 1 at 63.
[626] CAUSE-PA St. 1 at 24.

36. NFG made no proposals to modify its universal service programs in this proceeding to mitigate impacts caused by rising rates.[627]

37. CAP is effective at reducing energy burdens and terminations for low income customers, but the vast majority of NFG's low income customers are not enrolled in CAP and will bear the full, unmitigated impact of any rate increase.[628]

38. NFG's CAP default rate is more than double the average rate for Pennsylvania NGDCs.[629]

39. NFG's income screening protocol is limited to reactive screening after a customer contacts the Company about a termination notice or other payment trouble or the Company receives a LIHEAP grant on the customer's behalf.[630]

40. Proactive income screening protocols connect low income customers to rate assistance that helps to prevent the accrual of arrears.[631]

41. Data provided by DHS to NFG through the LIHEAP data sharing program indicates customers who are eligible for CAP and have affirmatively indicated that they want help from NFG to enroll in rate assistance programming.[632]

42. Under its current procedures for using DHS LIHEAP data to conduct outreach to customers who indicated they want help enrolling in rate assistance, NFG has enrolled

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[627] *Id.* at 25.
[628] *Id.* at 27-28.
[629] *Id.* at 28.
[630] NFG St. 17-R at 7-8.
[631] CAUSE-PA St. 1-SR at 8.
[632] CAUSE-PA St. 1 at 34; CAUSE-PA St. 1-SR at 10.

only 19% of contacted customers in CAP, demonstrating that existing procedures are insufficient to assist customers with enrollment.[633]

43. More than half of the customers removed from NFG's CAP in 2025 were removed because they were not responsive to the limited recertification outreach, indicating that NFG's current procedures for contacting customers due for CAP recertification are inadequate to prevent program attrition.[634]
44. NFG does not track and cannot report data regarding the total or average dollars in debt for its CAP participants.[635]
45. There is a significant unmet need for LIURP assistance in NFG's service territory that will only grow more pronounced if rates are increased in this proceeding.[636]
46. Despite the substantial unmet need for LIURP services among NFG's low income customers, NFG has failed to expend its LIURP budget in any year since at least 2018 and has failed to perform the number of LIURP jobs it projected to in each year of its current USECP.[637]
47. NFG categorically excludes low income mobile home residents from participating in LIURP even though a significant proportion of its low income customers reside in mobile homes.[638]

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633 CAUSE-PA St. 1 at 34.
634 *Id.* at 28.
635 *Id.* at 37.
636 *Id.* at 40.
637 *Id.* at 40-41.
638 CAUSE-PA St. 1 at 44; CAUSE-PA St. 1-SR at 12.

48. Funding for the NFN has fallen dramatically recently and was entirely depleted in February 2026.[639]

49. Without intervention to increase available funding, there is a serious risk the NFN will be depleted again.[640]

50. Requiring that NFN applicants prove both low income and an additional designated hardship criterion would unfairly exclude many low income customers from accessing hardship fund assistance.[641]

51. Without addressing the NFN's funding crisis by increasing available funding, allowing NFN grant amounts to be modified during times of low funding will result in permanently reduced NFN grant amounts.[642]

TARIFF RULE 8 PROPOSAL

52. NFG's proposed amendments to Tariff Rule 8 would allow NFG and its agents to make subjective determinations based on a range of cultural and moral differences that could result in termination or refusal of service.[643]

53. NFG's existing protocols for responding to health and safety concerns on a customer's premises sufficiently protect the Company's employees and customers.[644]

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[639] *Id.* at 47.
[640] *Id.*
[641] CAUSE-PA St. 1 at 48-49.
[642] CAUSE-PA St. 1 at 49.
[643] *Id.* at 70.
[644] *Id.* at 70-71.

PROPOSED CONCLUSIONS OF LAW

Overall

1. The Commission has jurisdiction over the parties and the subject matter of this proceeding.[645]
2. As a matter of law, a public utility's rates must be just and reasonable and in conformity with regulations or orders of the Commission.[646]
3. The Public Utility Code defines "rates" broadly to include the rules, regulations, practices, classifications, or contracts affecting such compensation.[647]
4. NFG has the burden of proving by substantial evidence that every element of its rate request is just and reasonable.[648]
5. A public utility may obtain "a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers as well as a reasonable rate of return on its investment."[649]
6. The Commission "has broad discretion in determining whether rates are reasonable" and "is vested with discretion to decide what factors it will consider in setting or evaluating a utility's rates."[650]

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[645] 66 Pa. C.S. § 101, *et seq.*
[646] 66 Pa. C.S. § 1301(a).
[647] *McCloskey v. Pa. PUC*, 219 A.3d 1216, 1223 (Pa. Commw. Ct. 2019) (*citing* 66 Pa. C.S. § 102).
[648] 66 Pa. C.S. §§ 315(a); *Lower Frederick Twp. Water Co. v. Pa. PUC*, 409 A.2d 505, 507 (Pa. Commw. Ct. 1980).
[649] *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Commw. Ct. 2002) (Lancaster 2002).
[650] *Popowsky v. Pa. PUC*, 683 A.2d 958, 961 (Pa. Commw. Ct. 1996) (Popowsky 1996).

7. In setting or evaluating a utility's rates, the Commission considers important ratemaking factors including quality of service, gradualism, and affordability.[651]

8. The Commission has the "power to make and apply policy" concerning the appropriate balance between rates charged to consumers and returns allowed to utility investors.[652]

9. The Commission must consider the impact of rates on consumers when determining whether rates are just and reasonable.[653]

10. The Commission has a fundamental duty to restrain the monopolistic tendencies of public utilities through the regulation of utility rates and attendant terms and conditions of service.[654]

11. NFG has not met its burden of proving its revised requested annual revenue increase of $18,475,000 will produce just and reasonable rates.

12. No revenue requirement increase is warranted to produce just and reasonable rates that are equitable among customer groups, in the public interest, and will allow NFG to recover its reasonable costs, have an opportunity to earn a fair rate of return, and maintain its financial stability to provide safe and adequate service to customers.

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[651] *Pa. PUC v. Columbia Gas of Pa., Inc*., Order, R-2020-3018835, at 46-47 (order entered Feb. 19, 2021) (citing 66 Pa. C.S. §§ 523, 526(a); *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Commw. Ct. 2006); *Pa. PUC v. Twin Lakes Util., Inc*., 2020 Docket No. R-2019-3010958 at 48, 80 (order entered Mar. 26, 2020).
[652] *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995).
[653] *Federal Power Comm'n v. Hope Nat'l Gas Co.*, 320 U.S. 591, 603 (1944) (*Hope*).
[654] *Use of Fully Projected Future Test Year 52 Pa. Code Chapter 53*, Final Form Order, Docket No. L-2012-2317273, at 4 (order entered Jan. 8, 2025).

Rate of Return

13. A public utility which dedicates its facilities and assets to public service is entitled to no more than a reasonable opportunity to earn a fair rate of return on shareholder investment and the ratemaking process "does not insure that the business shall produce net revenues."[655]

14. A fair rate of return "should be commensurate with returns on investments in other enterprises having corresponding risks" while being sufficient "to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and attract capital," but a utility "has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures."[656]

15. For wholly owned subsidiaries with actual capital structures weighted too heavily on the debt side or equity side, the Commission "must make adjustments based upon substantial evidence in order to reach a fair result."[657]

16. NFG has not shown by substantial evidence that it faces materially greater financial risk than its peers.[658]

17. Substantial evidence shows that NFG's actual capital structure is weighted too heavily on the equity side.[659]

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[655] *Pa. Gas & Water Co. v. Pa. PUC*, 341 A.2d 239, 251 (Pa. Commw. Ct. 1975); *Hope* at 603.
[656] *Hope* at 603; *Bluefield Water Works and Improvement Co. v. Public Serv. Comm'n of W.Va.*, 262 U.S. 679, 692-93 (1923) (*Bluefield*).
[657] *Riverton Consol. Water Co. v. Pa. P.U.C.*, 140 A.2d 114, 121 (Pa. Super. Ct. 1958) (*Riverton)*.
[658] OCA St. No 3-SR at 3.
[659] OCA St. 3 at 24

18. NFG has not shown by substantial evidence that its management performance warrants an adder to its authorized return on equity.[660]

Rate Design, Revenue Allocation, and Class Cost of Service

19. NFG's proposed revenue allocation is not just and reasonable because it fails to adequately account for fairness and gradualism in rates.

20. It is just and reasonable to maintain NFG's residential customer charge at $14 per month.

Weather Normalization Adjustment (WNA)

21. The Commission has the authority and discretion to permit alternative ratemaking where it will produce just and reasonable and non-discriminatory rates.[661]

22. The Commission has the authority and discretion to permit alternative ratemaking where it will enhance the safety, security, reliability, or availability of utility infrastructure and is consistent with efficient consumption of utility service.[662]

23. Utilities are not entitled to assurance during ratemaking that they will be able to recover net revenues; instead, utilities are granted the *opportunity* to recover authorized revenue and the public interest weighs against guaranteed revenue.[663]

24. NFG has not met its burden of proving by substantial evidence that its proposed WNA will produce just, reasonable, and non-discriminatory rates.

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[660] OCA St. 5 at 7-12.

[661] 66 Pa. C.S. §§ 1330, 1301, 1304.

[662] 66 Pa. C.S. § 1330(a)(2).

[663] *Hope* at 603; *Pa. Elec. Co. v. Pa. PUC*, 502 A.2d 130, 133-35 (Pa. 1985).

25. NFG has not met its burden of proving that its proposed WNA will enhance the safety, security, reliability, or availability of utility infrastructure and is consistent with efficient consumption of utility service.

26. The Commission's Distribution Rates Policy Statement enumerates factors to evaluate alternative ratemaking proposals, including NFG's WNA.[664]

27. Evaluating NFG's WNA through the Commission's Distribution Rates Policy Statement factors demonstrates that NFG's WNA proposal is unjust and unreasonable.

Energy Efficiency Pilot (EE Pilot)

28. There is currently no explicit statutory or regulatory requirement for ratepayer funded NGDC energy efficiency and conservation (EE&C) plans in Pennsylvania.

29. Act 129 provides a critical public policy touchstone to guide the development of voluntary ratepayer-funded EE&C programs for public utilities.[665]

30. Act 129 requires EE&C programs to include dedicated, proportionate measures for low income customers that is in addition to programming available through the statutorily required Low Income Usage Reduction Program (LIURP).[666]

31. It is unjust and unreasonable to require low income ratepayer to fund an EE&C program that does not include dedicated and proportionate efficiency programming for low income customers where no other equitable opportunity for low income customers to receive energy efficiency incentives beyond LIURP exists.

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[664] 52 Pa. Code § 69.3302 (a).
[665] Pa. PUC, *Secretarial Letter Re: Voluntary Energy Efficiency and Conservation Program*, Docket No. M-2009-2142851 (Dec. 23, 2009).
[666] 66 Pa. C.S. § 2806.1(b)(1)(i)(G).

Universal Service Issues

32. The Commission must ensure that NFG's universal service programs are appropriately funded and available to NFG's customers.[667]

33. The Commission must ensure that NFG's universal service programs are not eroded.[668]

34. Universal service and energy conservation issues are a relevant and important area of inquiry in the context of determining whether a utility's rates are just and reasonable and cannot be relegated to a utility's periodic Universal Service and Energy Conservation Plan proceeding.[669]

35. A public utility must bill customers at the rate most advantageous to the customer.[670]

36. NFG's failure to proactively screen customers for low income status violates the statutory duty to bill low income customers at the most advantageous rate available.[671]

37. NFG's existing outreach procedure to facilitate enrollment of customers participating in the Department of Human Services' Low Income Home Energy Assistance Program data sharing procedure, who are known to NFG to be eligible for CAP, fails to effectuate the statutory requirement to bill customers at the most advantageous rate available.[672]

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[667] 66 Pa. C.S. § 2203(8).
[668] 66 Pa. C.S. § 2203(7).
[669] *Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1—58.18, Final Form Rulemaking Order*, Docket No. L-2016-2557886, at 50, 123 (order entered March 13, 2025); *see also Pa. PUC v. PGW*, Docket No. R-2023-3037933, at 216 (order entered Nov. 9, 2023).
[670] 66 Pa. C.S. § 1303.
[671] 66 Pa. C.S. § 1303.
[672] 66 Pa. C.S. § 1303.

38. NFG's consistent failure to expend its LIURP budget deprives its low income customers of appropriately available usage reduction services.[673]

39. NFG's exclusion of mobile home residents from receiving usage reduction services through LIURP is unjust and unreasonable rate discrimination.[674]

40. NFG's failure to ensure the Neighbor for Neighbor hardship fund (NFN) is adequately funded contravenes the Choice Act's requirement that NFG's universal service programs be appropriately funded and available.[675]

41. NFG did not propose any changes to NFN's eligibility requirements or grant amounts available through the fund in its initial filings in this proceeding.[676]

42. The Commission has statutory authority to oversee NFG's universal service programs.[677]

43. NFG must seek approval from the Commission to amend its USECP before implementing any changes.[678]

44. NFG, not its third party program administrator, has the statutory duty to ensure its NFN is appropriately funded.[679]

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[673] 66 Pa. C.S. § 2203(8).
[674] 66 Pa. C.S.§ 1304.
[675] 66 Pa. C.S. § 2203(8).
[676] CAUSE-PA St. 1 at 45.
[677] 66 Pa. C.S. § 2203(8).
[678] Order, *National Fuel Gas Distribution Corporation's Universal Service and Energy Conservation Plan for 2022-2026 Submitted in Compliance with 52 Pa. Code § 62.4* at 56 (Entered May 3, 2022).
[679] 66 Pa. C.S. § 2203(8).

Customer Payment Transaction Costs

45. Requiring payment fees for customers to pay bills by electronic payment methods is unjust and unreasonable rate discrimination.[680]

Tariff Rule 8

46. NFG has not shown by substantial evidence that its proposed amendment to Tariff Rule 8 is necessary or proper for the protection of its employees or customers.[681]

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[680] 66 Pa. C.S.§ 1304.
[681] 66 Pa. C.S. § 1501.

PROPOSED ORDERING PARAGRAPHS

It is hereby ORDERED THAT:

1. National Fuel Gas Distribution Corporation shall not place into effect the rates, rules, and regulations contained in its tariff, which have been found to be unjust, unreasonable and, therefore, unlawful.
2. NFG shall file tariffs, tariff supplement, or tariff revisions containing rates designed to maintain its current annual base rate.
3. NFG shall file detailed calculations with its tariff filing, which demonstrate to the Commission's satisfaction that the filed rates comply with the proof of revenue, in the form and manner customarily filed in support of compliance tariffs.
4. NFG's residential customer charge shall remain at $14.
5. NFG's proposal to implement its pilot Weather Normalization Adjustment as a permanent part of its tariff is denied. NFG shall cease operation of its pilot WNA on the effective date of rates approved in this order.
6. NFG's proposal to implement its proposed Energy Efficiency Pilot is denied, without prejudice. If NFG seeks approval of a revised Energy Efficiency Pilot, it must include dedicated, full cost and proportionate low income programming.
7. NFG's proposal to distribute a one-time bill credit to refund revenue previously collected to fund Other Post-Employment Benefits to low income customers is approved. NFG shall distribute the credit during the billing cycle of a winter month, between December through March.

8. NFG shall conduct targeted outreach to all customers receiving the one-time Other Post-Employment Benefits refund credit to determine eligibility for the Company's universal service programs, including CAP, and assist customers expressing interest in the programs with enrollment.
9. NFG shall implement routine screening of all applicants and customers to determine eligibility for CAP and other universal service programs, including:
    a. Screening all new and moving customers for income level at the time their service is established and asking whether they would like information about income qualified programs that may reduce their rate/
    b. Screening customers for household income level and inquiring whether there has been any update to household income information on any non-emergency calls.
10. NFG shall establish benchmarking goals for guiding improved enrollment in CAP, and shall, at minimum, strive to increase CAP enrollment by 5% of its estimated low income customer population annually.
11. NFG shall begin reporting data regarding CAP applications and recertifications to its Universal Service Advisory Committee (USAC) at regular USAC meetings, including, at minimum, the number of applications received, approved, and denied, including the reason for denial, as well as the number of recertifications issued, the number of recertifications resulting in continued program eligibility, and the number of recertifications resulting in CAP removal, including the reason for program removal.
12. Upon the effective date of rates in this proceeding, NFG shall expand its outreach to customers who agree to provide data to NFG through the Department of Human

Services' LIHEAP data sharing program to improve CAP enrollment and recertification as follows:

a. For customers not enrolled in CAP, NFG shall contact customers by postal mail, email, telephone call, and text message. For these customers, NFG shall accept verbal authorization to enroll in CAP by telephone. NFG shall, in consultation with its USAC, develop a simplified online application for these customers to provide authorization to enroll in CAP.

b. If no response is received from these customers within 10 business days, NFG shall repeat this outreach.

c. For customers enrolled in CAP, NFG shall treat receipt of data through the LIHEAP data sharing program as a recertification and reset the customer's CAP recertification date.

13. Upon the effective date of rates in this proceeding, NFG shall expand its initial communication to CAP customers who are due to recertify to include contact by postal mail, email, telephone call, and text message at both the initial communication and the ten-day follow-up.

14. Upon the effective date of rates in this proceeding, NFG shall revise its communications to customers who are disenrolled from CAP to include a CAP application and instructions for how to re-apply for CAP online, by telephone, or by mail.

15. Upon the effective date of rates in this proceeding, NFG shall begin tracking data regarding the total and average dollars in debt carried by CAP customers.

16. NFG shall develop a detailed, written plan to fully expend its LIURP budget each year, to be filed at its USECP docket within 90 days of the effective date of rates in this proceeding.
17. Upon the effective date of rates in this proceeding, NFG shall extend eligibility for its LIURP to customers residing in mobile homes.
18. NFG shall increase the budget for its LIURP by an amount proportional to any residential rate increase authorized in this proceeding.
19. The eligibility requirements and grant amounts for NFG’s Neighbor for Neighbor hardship fund shall remain as described in the Company’s current USECP.
20. NFG shall develop and implement a fundraising plan to encourage voluntary contributions to its Neighbor for Neighbor hardship fund, to be filed at its USECP docket.
21. NFG’s proposed amendment to Tariff Rule 8 is denied.