

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, et al.	:	
	:	
v.	:	Docket No. R-2026-3060855
	:	
Peoples Natural Gas Company LLC	:	

PRINCIPAL BRIEF OF THE PENNSYLVANIA INDEPENDENT OIL & GAS ASSOCIATION

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Table of Contents

I. INTRODUCTION.....	1
A. Description of the Filing Party.....	1
B. Procedural History	2
C. Legal Standards.....	4
II. SUMMARY OF ARGUMENT	6
III. OVERALL POSITION ON RATE CASE AND AFFORDABILITY OF RATES	8
IV. RATE BASE.....	9
V.-XIX.....	10
XX. LOCAL PRODUCTION – GATHERING AND COST RECOVERY ISSUES.....	10
A. The Commission should reject Peoples’ proposed Rate AGS increase because Peoples did not prove that the selected \$0.05/Mcf increase is just and reasonable.....	10
B. The existing \$0.24/Mcf Rate AGS should be retained.....	17
C. Alternatively, Rate AGS must increase by no more than the final percentage increase, if any, the Commission authorizes for the base rate case.....	18
D. The Commission should require safety-qualified MIMA and operational protections consistent with the testimony of Weaver, Jacobs, and Kriebel.....	20
E. Peoples’ safety defense supports, rather than defeats, the requested limited remedy.....	22
XXI.-XXII.....	23
XXIII. CONCLUSION.....	23
APPENDIX A – SUMMARY TABLES OF POSITIONS AND ADJUSTMENTS.....	25
APPENDIX B – BILL IMPACTS	26
APPENDIX C – PROPOSED FINDINGS OF FACT.....	27
APPENDIX D – PROPOSED CONCLUSIONS OF LAW.....	31
APPENDIX E – PROPOSED ORDERING PARAGRAPHS	34

Table of Citations

Cases

<i>City of Pittsburgh v. Pa. Pub. Util. Comm’n</i> , 526 A.2d 1243 (Pa. Cmwlt. 1987)	8
<i>Cup v. Pa. Pub. Util. Comm’n</i> , 556 A.2d 470 (Pa. Cmwlt. 1989).....	5, 6, 8, 11, 12
<i>Lloyd v. Pa. Pub. Util. Comm’n</i> , 904 A.2d 1010 (Pa. Cmwlt. 2006).....	6, 12
<i>Phila. Indus. & Com. Gas Users Grp. v. Pa. Pub. Util. Comm’n</i> , 342 A.3d 140 (Pa. Cmwlt. 2025).....	<i>passim</i>
<i>U.S. Steel Corp. v. Pa. Pub. Util. Comm’n</i> , 456 A.2d 686 (Pa. Cmwlt. 1983)	9

Statutes

66 Pa.C.S. § 315(a)	<i>passim</i>
66 Pa.C.S. § 332(b)	5, 7, 8
66 Pa.C.S. § 1301.....	4, 8
66 Pa.C.S. § 1304.....	6
66 Pa.C.S. § 1308(d)	5

AND NOW, comes Intervenor in the above-captioned action, the Pennsylvania Independent Oil & Gas Association, and submits this Principal Brief as follows:

I. INTRODUCTION

A. Description of the Filing Party

The Pennsylvania Independent Oil & Gas Association (“PIOGA”) is a Pennsylvania nonprofit trade association representing oil and natural gas interests throughout the Commonwealth. Its approximately 300 members include conventional and unconventional producers, Commission-licensed natural gas suppliers, and marketers that deliver Pennsylvania-produced gas to, among other distribution companies, Peoples Natural Gas Company LLC (“Peoples” or the “Company”) for system supply and for transportation customers. PIOGA and its producer members have long participated in Commission proceedings concerning local production, gathering, the Rate Appalachian Gathering Service (“Rate AGS”), producer retainage, meter and interconnection issues, and producer-supplier conditions, including a required Master Interconnect and Measurement Agreement (“MIMA”) (PIOGA St. No. 1, at 1.).

PIOGA files this brief to address the lawfulness of Peoples’ requested rates and, principally, the proposal to increase Rate AGS - the charge applicable to conventional local production delivered to the Peoples system - from \$0.24/Mcf to \$0.29/Mcf. PIOGA does not dispute that Peoples must operate its system safely, reliably, and in compliance with applicable requirements. Nor does PIOGA contend that producers should not make a reasonable contribution to facilities used to receive and move local production. The question is narrower and dispositive: whether Peoples carried its statutory burden to prove that the *increase it selected* is just and reasonable on this record.

Simply put: it did not. Peoples selected the \$0.29/Mcf result by purportedly applying the Company's requested systemwide percentage increase to the preexisting producer charge (although PIOGA disputes this as stated below). The record does not establish a current, producer-specific cost-causation basis, a reasoned allocation methodology, or a rate-design analysis connecting the additional \$0.05/Mcf to the gathering service actually provided to conventional producers. Peoples cannot meet its burden for a distinct tariffed charge simply by pointing to total gathering costs, alternative higher possible charges, or a general company-wide revenue request.

The record also establishes that Rate AGS is inseparable in practical effect from the tariff and MIMA conditions governing whether a producer can deliver gas. Rate AGS requires execution of, and compliance with, a MIMA. The MIMA and tariff framework therefore materially inform the service for which producers pay. However, the proposed new tariff does not require any provisions or modifications to MIMAs as they currently exist today. To this end, PIOGA's requested MIMA-related protections are limited and expressly safety-qualified: reasonable communication, notice, and consideration of feasible alternatives where circumstances permit, without compromising safety, reliability, system integrity, gas quality, customer service, or Peoples' ability to respond to emergency conditions.

B. Procedural History

Peoples filed this general base rate proceeding at Docket No. R-2026-3060855, seeking an annual base rate revenue increase of \$163.2 million, or 13.8% on a total-revenue basis. Peoples proposed an effective date of May 26, 2026, subject to the statutory suspension process. Peoples' filed testimony identifies the requested increase as principally driven by infrastructure modernization and capital investment. (Peoples St. No. 1, at 3.)

In its initial filing, Peoples presented its local production and Rate AGS proposal primarily through the direct testimony of Edward A. Palombo, Vice President of Reliability. Mr. Palombo sponsored Peoples’ “Local Production—Gathering and Cost Recovery” presentation, including the proposed increase in the conventional-producer Rate AGS charge from \$0.24/Mcf to \$0.29/Mcf, the gathering-system cost-recovery rationale, and the Company’s treatment of conventional and negotiated-rate production. (Peoples St. No. 5, at 14–21.) John D. Taylor sponsored the Company’s gathering cost-of-service derivation and its allocation of gathering-system costs and producer-gathering revenues in the Company’s cost-of-service study. (Peoples St. No. 17, at 26–27; Peoples Ex. JDT-2.) Krista Snyder sponsored the proposed tariff provisions, including the Rate AGS schedule. (Peoples St. No. 13, at 3–4; Peoples Gas—Pa. P.U.C. No. 49, Rate Appalachian Gathering Service, Original Page No. 64.) The proposed Rate AGS tariff makes execution of, and compliance with, a Master Interconnect and Measurement Agreement (“MIMA”) a condition of service. (Peoples Gas—Pa. P.U.C. No. 49, Rate Appalachian Gathering Service, Original Page No. 64.)

PIOGA timely intervened, participated in all proceedings, and submitted the direct testimony of Daniel J. Weaver, D. Marc Jacobs, Jr., and Shane Kriebel, and their respective surrebuttal testimony. Peoples responded through, among others, Edward A. Palombo and John D. Taylor. The proposed Rate AGS tariff squarely frames the local-production issue: Peoples proposes to increase Rate AGS from \$0.24/Mcf to \$0.29/Mcf, and it acknowledges that MIMA execution and compliance are prerequisites for Rate AGS service. (Peoples Gas—Pa. P.U.C. No. 49, Rate Appalachian Gathering Service, Original Page No. 64.)

Consistent with the Commission’s common brief outline, PIOGA addresses only Parts I, II, III, IV, XX, and XXIII. PIOGA takes no position in this brief on other parties’ individual

revenue-requirement, expense, depreciation, tax, return, or rate-design adjustments except as expressly stated. This limited scope should not be read as support for the overall revenue request or any component of it.

C. Legal Standards

1. Peoples bears the burden to prove every element of its requested rate increase is just and reasonable.

The Public Utility Code supplies the governing burden and the governing result. Every rate demanded or received by a public utility must be just and reasonable. 66 Pa. C.S. § 1301. In a proceeding involving a proposed rate increase, the utility bears the burden to show that the rate is just and reasonable. 66 Pa. C.S. § 315(a).

That burden is not discharged by the absence of contrary proof from an intervenor. The Commonwealth Court recently reaffirmed that the burden to establish the justness and reasonableness of **every element** of a Section 1308(d) rate-increase request rests solely with the public utility. *Phila. Indus. & Com. Gas Users Grp. v. Pa. Pub. Util. Comm’n*, 342 A.3d 140, 148-50 (Pa. Cmwlth. 2025). The burden applies to a discrete proposed tariff charge as well. In *Cup*, the Commonwealth Court held that the utility bore the burden to prove the reasonableness of a proposed ready-to-serve charge and vacated the approved rate where the record lacked the calculations or methodology supporting it. *Cup v. Pa. Pub. Util. Comm’n*, 556 A.2d 470, 473–74 (Pa. Cmwlth. 1989).

2. The Commission may decide only on the whole evidentiary record and on reliable, probative, and substantial evidence.

The Commission may not approve a rate merely because it is one conceivable policy choice. Its adjudication must rest on the whole record and be supported by reliable,

probative, and substantial evidence. 66 Pa. C.S. § 332(b). The evidentiary record defines the foundation for the Commission's decision.

A ratemaking order also must explain the path from evidence to result. Where the record does not contain the calculations or methodology that establish the basis for a rate structure, the Commonwealth Court has vacated and remanded rather than permit the Commission to fill the gap with conjecture. *Cup*, 556 A.2d at 473–74. Moreover, where an allocation rationale departs from cost-causation principles or rests on a novel value-of-service rationale, the Commission must provide a reasoned explanation sufficient for appellate review. *Philadelphia Industrial*, 342 A.3d 140.

3. Cost causation is central to a just and reasonable rate design, although Commission discretion is bounded by the record and reasoned findings.

The Code also prohibits unreasonable differences in rates between classes of service. 66 Pa. C.S. § 1304. Cost causation is a central ratemaking principle: rates must reflect, at least to some degree, the costs actually caused by the customer or class that is asked to pay them. *Philadelphia Industrial*, 342 A.3d 140; *Lloyd v. Pa. Pub. Util. Comm'n*, 904 A.2d 1010, 1015, 1019–20 (Pa. Cmwlth. 2006).

The Commission has discretion to evaluate common and embedded costs, rate stability, and gradualism. However, that discretion does not displace the utility's burden, the cost-causation principle, or the need for a reasoned explanation. *Lloyd* holds that gradualism cannot be permitted to override all other valid ratemaking concerns or indefinitely justify unjustified interclass subsidization. 904 A.2d at 1020–21. A rate design may therefore account for more than a perfectly mechanical cost study, but it must still be grounded in the evidentiary record and yield a just and reasonable result.

4. Application to Rate AGS.

PIOGA does **not** contend that Pennsylvania law mandates a stand-alone, producer-only cost study whenever Peoples proposes a charge that affects producers. That overstatement is unnecessary. The controlling question is whether Peoples proved the particular \$0.05/Mcf increase it selected. To do so, Peoples needed to offer reliable evidence and a reasoned methodology connecting the additional charge to the service, costs, allocation principles, and real-world conditions relevant to the conventional producers who must pay it. Broad references to systemwide costs or the fact that more aggressive alternatives exist do not, standing alone, prove the selected charge just and reasonable.

This standard is particularly important here because **Rate AGS is a separate tariffed charge** and because its availability is conditioned on a MIMA. The price of the service and the material terms governing access to that service are both relevant to whether the proposed rate is just and reasonable. A utility may preserve safety and reliability while the Commission evaluates whether the producer service, as actually offered, supports a higher producer charge.

II. SUMMARY OF ARGUMENT

Peoples has not carried its statutory burden for the requested Rate AGS increase. The Company selected \$0.29/Mcf by stating that it applied its requested 13.8% systemwide rate increase to the existing \$0.24/Mcf producer charge, which is actually not accurate. As a threshold matter, that approach does not identify a producer-caused incremental cost, a producer-specific allocation method, or a reasoned basis for finding that the particular \$0.05/Mcf increase is just and reasonable. Moreover, the Rate AGS increase itself is actually higher than the proposed 13.8% system wide revenue increase, resting at

18.75%. The Commission should reject the AGS increase and retain the current \$0.24/Mcf charge.

The proposed increase is not rescued by Peoples' evidence of total gathering costs or its higher hypothetical alternatives. PIOGA agrees that gathering facilities have costs and that producers can receive value from practical access to market. But the utility's burden concerns the charge it actually proposes. The fact that Peoples did not select a higher alternative does not establish that its selected alternative is lawful, reasonable, or supported by substantial evidence.

If the Commission authorizes any overall base rate increase, Rate AGS may not increase by more than the percentage increase ultimately approved for Peoples' base rates, and it must be done as an increase to Rate AGS only. This alternative remedy does not adopt Peoples' selected revenue-pool calculation. It provides a transparent, direct-percentage ceiling: any authorized AGS increase may not exceed the same final systemwide percentage increase the Commission authorizes for Peoples' base rates. It prevents Peoples from collecting an AGS increase based on its requested 13.8% increase¹ if the Commission authorizes a lower percentage (or no increase at all).

MIMA changes should be adopted as a safety-qualified, practical-access framework. MIMA execution and compliance are a condition of Rate AGS service. The Commission should therefore direct Peoples to implement the MIMA-related protections proposed by PIOGA witnesses Weaver, Jacobs, and Kriebel: reasonable notice and communication, good-faith consideration of feasible alternatives, proportionate treatment of low-volume wells and non-emergency documentation issues, an opportunity to cure

¹ As described below, the purported 13.8% increase is actually 18.75%.

where appropriate, and practical regulator-setting or alternative-delivery options where safe and feasible. None of those protections requires Peoples to compromise safety, system integrity, gas quality, reliability, customer service, or emergency response.

III. OVERALL POSITION ON RATE CASE AND AFFORDABILITY OF RATES

PIOGA opposes Peoples' requested rate increase to the extent Peoples has not carried its burden under Sections 1301, 315, and 332 of the Public Utility Code. The Commission must determine whether each component of the requested increase is supported by reliable, probative, and substantial evidence, and not merely whether Peoples has identified broad capital, operating, or policy objectives that could support some level of additional revenue. *Accord Phila. Indus. & Com. Gas Users Grp. v. Pa. Pub. Util. Comm'n*, 342 A.3d 140, 148 (Pa. Cmwlth. 2025); 66 Pa. C.S. § 332(b).

PIOGA's affirmative merits presentation is limited to Rate AGS, local production, and MIMA-related conditions of producer access. PIOGA does not ask the Commission in this brief to adopt a particular overall revenue requirement, rate-base adjustment, or rate-of-return recommendation advanced by another party. PIOGA preserves the right to rely on other parties' positions where appropriate and to respond to Peoples' arguments regarding issues outside PIOGA's assigned scope. PIOGA specifically reserves the right to adopt or seek a particular overall revenue requirement, rate-base adjustment, or rate-of-return recommendation in its reply brief.

The affordability issue is nevertheless directly relevant to PIOGA's Part XX position. Conventional production is already subject to low commodity prices, aging wells, low-volume economics, measurement and compliance costs, line pressure conditions, and potential receipt point limitations. A charge that makes continued production more difficult

can also affect Peoples' access to a local supply source that Peoples acknowledges may cost less than interstate-delivered supply. Rate AGS must be evaluated not in isolation, but as the price of a service provided under a tariff and MIMA framework that controls producers' practical ability to use the gathering system and provide natural gas to Peoples for distribution to its customer base.(PIOGA St. No. 1, at 5.)

IV. RATE BASE

PIOGA takes no independent position in this brief on Peoples' claimed rate base, including cash working capital, plant additions, accumulated depreciation, or other rate-base components. PIOGA's silence on those issues is not an endorsement of Peoples' claimed rate base or the requested overall revenue requirement, and PIOGA expressly reserves the right to take a position on the claimed rate base in its reply brief, especially to the extent any provisions regarding Rate AGS may impact the rate base or overall revenue number.

PIOGA does submit that any ultimate rate determination must maintain the required analytical sequence: the Commission must determine the allowable increase in operating revenues on the record and then determine a lawful allocation and rate design. *City of Pittsburgh v. Pa. Pub. Util. Comm'n*, 526 A.2d 1243, 1246 (Pa. Cmwlth. 1987); *see also* 66 Pa.C.S. § 332(b). A proposed Rate AGS increase cannot be presumed just and reasonable merely because Peoples seeks an overall revenue increase or because the Company claims gathering-related costs somewhere within its total cost of service. The distinct producer charge still must be supported by a reasoned, record-based allocation and rate-design determination. *See* 66 Pa.C.S. § 315(a); *Phila. Indus. & Com.* 342 A.3d 140, 148; *Cup*, 556 A.2d 470, 473–74.

V.-XIX.

PIOGA presented no evidence or testimony, and has no substantive argument or position regarding, these aspects of the case at this time. PIOGA reserves the right to respond to any arguments by any of the parties in these regards in its reply brief.

XX. LOCAL PRODUCTION – GATHERING AND COST RECOVERY ISSUES

A. The Commission should reject Peoples’ proposed Rate AGS increase because Peoples did not prove that the selected \$0.05/Mcf increase is just and reasonable.

The relevant proposed rate is not an abstraction. It is an increase in the tariffed Rate AGS charge from \$0.24/Mcf to \$0.29/Mcf for conventional production. PIOGA agrees that local producers can derive value from access to the Peoples gathering system and that Peoples incurs costs to own, operate, maintain, inspect, repair, and safely manage that system. But those propositions do not resolve the statutory question. Under Sections 1301 and 315, Peoples must prove that the incremental charge it seeks to impose is just and reasonable on the evidentiary record.

Peoples’ own evidence establishes the methodology it selected. Mr. Palombo testified that Peoples evaluated four alternatives: (1) full gathering-cost recovery from producers, producing \$1.506/Mcf; (2) retaining the 2023 producer contribution percentage, producing \$0.324/Mcf; (3) increasing the existing gathering rate by the Company’s overall requested increase, producing \$0.285/Mcf and rounded to \$0.29/Mcf; and (4) recovering the same gathering revenue as in the 2023 case, producing \$0.30/Mcf. Peoples selected the third method. (Peoples St. No. 5-R, at 6.)

The decisive feature of that selection is not that the result is lower than three other figures. It is that the selected methodology begins with the Company’s requested systemwide

base rate percentage and attempts to apply it to the existing producer charge. It does not begin with an analysis of the producer service, current producer utilization, an allocation of gathering costs to that service, or a demonstrated change in the cost of providing that service. As Mr. Weaver explained, conventional producers are not retail distribution customers; they are suppliers who deliver local gas through a separate tariffed service. A producer charge must be evaluated in relation to the producer service, the costs properly assigned to that service, and the producer's practical ability to use it. (PIOGA St. No. 1-SR, at 3.)

That is not an argument that every penny of a producer charge must correspond to a newly incurred, producer-specific incremental expense. Pennsylvania law permits the Commission to exercise judgment in allocating common costs. *See U.S. Steel Corp. v. Pa. Pub. Util. Comm'n*, 456 A.2d 686 (Pa. Cmwlth. 1983). However, the Commission's discretion does not eliminate the evidentiary burden. A lawful allocation requires a rational, explained connection between the charge and the service or costs to which the charge relates. *Philadelphia Industrial* is especially instructive: just and reasonable rates cannot rest on generalities or sweeping statements, and cost causation remains the central principle of allocation. 342 A.3d 140, 148-50. Here, Peoples has not supplied the necessary explanatory bridge for the selected \$0.05/Mcf increase.

1. Peoples' Selected Method Does Not Apply the Asserted 13.8% Increase to Rate AGS; It Generalizes the Increase on the Tariffed Conventional Gas Producer Class.

Peoples characterizes its selected option as an increase in gathering revenue by the Company's 13.8% overall requested rate increase. But its exhibit shows that Peoples did not apply 13.8% to the existing \$0.24/Mcf Rate AGS charge. Peoples first increased total gathering revenue of \$7,404,749 by 13.8%, then deducted the full \$1,867,374 of negotiated-

rate revenue at its current level, and recovered the remaining \$6,559,231 solely through 23,049,155 Mcf of full-tariff volumes. That calculation yields \$0.285/Mcf, rounded to \$0.29/Mcf. (Peoples Ex. EAP-1R, at 1.)

The result is materially different from the methodology Peoples invokes. A direct 13.8% increase to the existing \$0.24/Mcf charge would yield \$0.27312/Mcf, ordinarily rounded to \$0.27/Mcf, not \$0.29/Mcf. Moreover, Peoples' own inputs show that the full-tariff revenue component rises from \$5,523,430 to \$6,559,231, an increase of \$1,035,801, or approximately 18.75%. Thus, the purported 13.8% systemwide gathering-revenue increase becomes an approximately 18.6% increase in the unrounded tariffed AGS rate, while negotiated-rate revenue is held constant in the calculation. (*Id.*)

Peoples may choose a reasoned allocation of common gathering costs, but it must explain and support that allocation. It has not identified a current producer-specific cost-causation basis, a class-allocation analysis, or another record-supported rate-design rationale for placing the full effect of its gathering-revenue increase on tariffed conventional producers while excluding negotiated-rate revenue from the increased recovery target. The selected calculation therefore reinforces PIOGA's central point: Peoples has not met its burden to prove that the particular \$0.05/Mcf AGS increase is just and reasonable.

The following two tables better depict the mathematical gymnastics used by the Company to support the Rate AGS increase to \$0.29/Mcf. Below, **PIOGA Table 1**, which is sourced directly from Peoples Exhibit EAP-1R, shows that the increase was calculated to reach its targeted gathering revenue inclusive of all sources of gathering, not just conventional producers subject to the Rate AGS.

Calculation step	Amount	Effect on tariffed AGS rate
Current total gathering revenue	\$7,404,749	Includes full-tariff, Goodwin Tombaugh, and negotiated-rate revenue
Add: 13.8% requested overall increase	\$1,021,855	Peoples applies the systemwide percentage to the entire gathering-revenue pool
Total target gathering revenue	\$8,426,605	—
Less: negotiated-rate revenue held at current amount	(\$1,867,374)	The calculation does not increase negotiated-rate revenue
Revenue assigned to full-tariff producers	\$6,559,231	The entire requested gathering-revenue increase is effectively recovered through the residual full-tariff revenue requirement
Divide by full-tariff projected volume	23,049,155 Mcf	—
Back-solved Rate AGS	\$0.2845758/Mcf	Reported as \$0.285/Mcf and then rounded by Peoples to \$0.29/Mcf

PIOGA Table 2, however, shows that this is actually an 18.57% increase to Rate AGS, not the allegedly proportional 13.8% increase that the Company posits is actually occurring. Instead, if the overall 13.8% increase would be applied to the current \$0.24/Mcf Rate AGS as it exists today, the resulting, rounded rate would only be \$0.27/Mcf.

Measure	Direct 13.8% application to \$0.24/Mcf	Peoples' selected revenue-pool method
Current Rate AGS	\$0.24000/Mcf	\$0.24000/Mcf
Resulting unrounded rate	\$0.27312/Mcf	\$0.2845758/Mcf
Effective unrounded tariff-rate increase	13.80%	18.57%
Full-tariff revenue increase	\$762,233	\$1,035,801
Effective full-tariff revenue increase	13.80%	18.75%
Ordinary nearest-cent rounding	\$0.27/Mcf	\$0.28/Mcf
Peoples' reported proposed rate	—	\$0.29/Mcf

2. Higher alternatives do not prove the selected rate is supported.

Peoples repeatedly emphasizes that \$0.29/Mcf is the lowest of four identified alternatives. PIOGA does not dispute that numerical comparison, and indeed appreciates the Company choosing that alternative (despite the calculation errors noted above). But, a lower alternative is not necessarily a lawful or record-supported alternative. The legal issue is whether the option Peoples actually selected is just and reasonable, not whether it is less than the highest rate that might be calculated from different assumptions.

Mr. Weaver's unrebutted analytical point is straightforward: the fact that the selected rate is lower than \$0.30/Mcf, \$0.324/Mcf, or \$1.506/Mcf does not explain why a 13.8% or 18.75% increase to the existing AGS charge is an appropriate producer contribution now, why the incremental \$0.05/Mcf increase is cost-based, or why it should track the Company's requested overall base rate percentage. (PIOGA St. No. 1-SR, at 4.)

The *Cup* decision confirms the point. Even though the Commission possesses specialized ratemaking expertise and flexibility, an approved rate structure cannot stand when the record lacks the calculations or methodology establishing the basis for the charge.

556 A.2d at 473–74. The Commission should not approve \$0.29/Mcf simply because Peoples can identify higher results under different, unselected scenarios.

3. The evidence of total gathering system cost does not fill the methodology gap.

Peoples relies on total gathering cost of service and asserts that producers should contribute to embedded and common costs of shared facilities. PIOGA does not contest that a shared system can involve common costs or that producers can reasonably contribute to them. That concession, however, does not satisfy Peoples’ statutory burden. The relevant issue is the allocation and rate-design basis for a *particular increase* imposed on a distinct producer rate schedule. *See* 66 Pa. C.S. § 315(a); *Phila. Indus. & Com.* 342 A.3d 140, 148–50; *Cup*, 556 A.2d 470, 473–74.

Peoples’ rebuttal testimony concedes the structure of the dispute. Mr. Taylor maintains that cost of service may include common and embedded costs and that a reasonable allocation can consider gradualism and rate impacts. PIOGA agrees with those general legal propositions. But Mr. Taylor also confirms that Peoples selected a “measured” increase within a broader framework, rather than presenting an AGS-specific allocation or explaining why the systemwide requested percentage is the proper allocator for the producer charge. (Peoples St. No. 17-RJ, at 14.)

The argument thus proves too little. The Commission may consider embedded costs, but it still must determine, on substantial evidence, the appropriate producer share and explain why the rate it authorizes is just and reasonable. *Lloyd*, 904 A.2d at 1020–21. A generic conclusion that producers “benefit” from the gathering system does not establish that the selected \$0.05/Mcf increase is a reasonable measure of their responsibility for those costs.

4. The proposed charge must be evaluated in light of the service producers actually receive.

Rate AGS is not a free-standing number. The tariff makes MIMA execution and compliance conditions of service. The tariff's character-of-service language also limits Peoples' obligation to receiving gas against existing line pressure and disclaims an obligation to lower line pressure by compression or otherwise to accommodate local producers. (PIOGA St. No. 1, at 7.)

PIOGA does not demand a delivery guarantee, mandatory compression, a particular regulator setting, or an operational change that compromises safety, reliability, system integrity, gas quality, customer service, or emergency response. PIOGA's point is more limited: the reasonableness of a higher charge must be assessed in light of the practical access that the service provides. When line pressure, regulator settings, receipt-point status, meter requirements, or other MIMA-related conditions prevent a capable producer from delivering gas, the practical value of the paid gathering service is reduced.

The Commonwealth Court's analysis in *Philadelphia Industrial* is analogous as a matter of ratemaking principle. There, the Court required a reasoned explanation before a utility could treat a class as receiving one level of service for allocation purposes while the tariff retained materially different service conditions. 342 A.3d 140, 148-50. The Court emphasized that the rate and tariff obligations must be evaluated together when the conditions of service bear on cost causation and justness and reasonableness. *Id.* That same logic applies here: the Commission need not merge the MIMA and Rate AGS into a single legal instrument, but it should consider their practical relationship in evaluating the rate producers are asked to pay.

B. The existing \$0.24/Mcf Rate AGS should be retained.

The record supports retaining the existing \$0.24/Mcf Rate AGS charge. Maintaining the current charge is an appropriate remedy when the utility has not carried its burden to justify an increase, because that is what remains after the Company has failed its burden. *See* 66 Pa.C.S. § 315(a). It does not mean that producers are exempt from contributing to the gathering system; producers are already making the contribution reflected in the existing tariff, and that contribution is significant as stated by Messrs. Jacobs and Kriebel in their testimony. It simply recognizes that Peoples has not proven a lawful basis for increasing that contribution by \$0.05/Mcf in this proceeding.

The record also supports caution. Peoples acknowledges that conventional production has declined (although the reason for that decline is disputed), yet local, conventional gas provides a lower-cost supply source for the Peoples customer base than interstate gas. Mr. Palombo's direct testimony explains that Peoples uses local supplies as baseload and dispatches local gas first within its supply portfolio. (Peoples St. No. 5, at 9.)

PIOGA does not contend that retaining \$0.24/Mcf will reverse the historical decline in conventional production, but it does contend that an unjust, unreasonable, and unlawful increase will likely continue the historical decline. **The point is prospective: an unsupported new cost imposed on low-volume, narrow-margin production can further burden the local supply resource that Peoples itself recognizes has value for customers, which in turn will only lead to decreased supply and increased costs to the Peoples ratepayers, customers, and consumers.**

C. Alternatively, Rate AGS must increase by no more than the final percentage increase, if any, the Commission authorizes for the base rate case.

If the Commission declines to retain the existing \$0.24/Mcf rate, the alternative remedy should be straightforward: Rate AGS should increase by no more than the **final systemwide percentage increase, if any, actually authorized by the Commission**, applied directly to the existing \$0.24/Mcf tariff rate. This approach is administrable, prevents the selected back-solve methodology from converting a systemwide percentage into a larger full-tariff producer increase, and ensures that no AGS increase exceeds the overall increase the Commission ultimately finds just and reasonable.

Peoples states throughout the rate case petition that it selected the \$0.29/Mcf proposal by applying its **requested** overall increase to the existing Rate AGS charge (which, as stated above, is actually an inaccurate statement).² If the Commission reduces the requested overall revenue increase, as the Commission may do after evaluating the full record, the premise of Peoples' selected AGS methodology necessarily changes. The Commission should not allow the Company to retain the benefit of a producer increase calculated from a requested systemwide percentage that the Commission ultimately finds unsupported or otherwise rejects or modifies.

The alternative calculation is: **Authorized Rate AGS = \$0.24/Mcf × (1 + final authorized systemwide percentage increase)**. PIOGA requests that the resulting rate be rounded once, to the nearest cent per Mcf, rather than rounded in successive stages. If the Commission authorizes no systemwide base-rate increase, Rate AGS remains \$0.24/Mcf.

² Again, Peoples derived the proposed \$0.29/Mcf charge by increasing total gathering revenue by its requested 13.8% systemwide increase, holding negotiated-rate revenue at its existing amount, and recovering the residual through full-tariff AGS volumes. The actual increase to the Rate AGS as proposed by Peoples is 18.75%

The following **PIOGA Table 3** illustrates what the final Rate AGS should be in this alternative scenario for relief: for whole number percentage increases:

Final authorized systemwide increase	Calculation	Rate AGS— unrounded	Rate AGS—rounded to nearest cent
0.0%	$\$0.24 \times 1.000$	\$0.24000	\$0.24
1.0%	$\$0.24 \times 1.010$	\$0.24240	\$0.24
2.0%	$\$0.24 \times 1.020$	\$0.24480	\$0.24
3.0%	$\$0.24 \times 1.030$	\$0.24720	\$0.25
4.0%	$\$0.24 \times 1.040$	\$0.24960	\$0.25
5.0%	$\$0.24 \times 1.050$	\$0.25200	\$0.25
6.0%	$\$0.24 \times 1.060$	\$0.25440	\$0.25
7.0%	$\$0.24 \times 1.070$	\$0.25680	\$0.26
8.0%	$\$0.24 \times 1.080$	\$0.25920	\$0.26
9.0%	$\$0.24 \times 1.090$	\$0.26160	\$0.26
10.0%	$\$0.24 \times 1.100$	\$0.26400	\$0.26
11.0%	$\$0.24 \times 1.110$	\$0.26640	\$0.27
12.0%	$\$0.24 \times 1.120$	\$0.26880	\$0.27
13.0%	$\$0.24 \times 1.130$	\$0.27120	\$0.27
13.8%	$\\$0.24 \times 1.138$	\$0.27312	\$0.27

D. The Commission should require safety-qualified MIMA and operational protections consistent with the testimony of Weaver, Jacobs, and Kriebel.

1. The record supports a reasonable-efforts framework, not an operational guarantee.

Rate AGS requires a MIMA. The MIMA governs material operating conditions under which producers deliver gas, including measurement, gas quality, water vapor, documentation, meter testing, receipt-point status, and coordination requirements. PIOGA recognizes the legitimacy of appropriate requirements and of prompt action for unsafe, noncompliant, or genuinely abandoned facilities. PIOGA seeks no directive that would subordinate safety or reliability to producer preference.

Instead, PIOGA asks the Commission to require a bounded process: where time and circumstances permit and where consistent with safety, reliability, system integrity, gas quality, customer service, and emergency operations, Peoples should use reasonable efforts to communicate with producers and consider feasible alternatives before an operational change results in avoidable loss of flow, receipt-point expiration, or shut-in.

Mr. Kriebel's testimony identifies the proper limitations. His recommendation does not prescribe an engineering outcome or require accommodation in every circumstance. It asks for reasonable notice, good-faith discussion, consideration of alternate delivery points or reroutes where feasible, practical regulator-setting adjustments where safe and reliable, and reasonable treatment of low-volume conditions. (PIOGA St. No. 3-SR, at 3.)

2. Practical producer access bears directly on the value of the Rate AGS service.

Messrs. Jacobs and Kriebel explained how line pressure can affect whether low-pressure conventional production actually flows. If downstream line pressure meets or

exceeds a producer's approved regulator set point, flow may be restricted or stopped even when the well remains capable of producing. (PIOGA St. No. 3, at 3.)

The Greensburg Loop experience described by Mr. Kriebel demonstrates why a reasonable efforts framework is practicable. There, Peoples and Kriebel developed a seasonal regulator set point solution that allowed production to continue flowing while preserving reliable customer service. PIOGA does not contend that this solution fits every system, season, customer load, or emergency condition. It demonstrates only that communication and a safety-qualified practical alternative can sometimes preserve production without undermining Peoples' operating responsibilities. (PIOGA St. No. 2-SR, at 3.)

3. The MIMA protections should include notice, an opportunity to cure where appropriate, and proportionate implementation.

The Commission should direct Peoples to amend or administer the MIMA and associated producer-operating practices to include the following protections, subject always to the safety and reliability limitations stated above:

- Reasonable advance notice before a planned operational change likely to restrict flow, expire a receipt point, or materially alter a producer's ability to deliver gas, except where emergency, safety, reliability, gas-quality, or other urgent operational conditions require immediate action.
- Good-faith communication with the affected producer and reasonable consideration of feasible alternatives, including temporary or seasonal regulator adjustments, alternate delivery points, reroutes, or other practicable operational options.

- A reasonable opportunity to cure non-emergency documentation, meter-testing, or similar compliance deficiencies before discontinuance where a cure is feasible and does not create a safety, reliability, gas-quality, or measurement-integrity concern.
- Practical and proportionate treatment of low-volume wells and receipt points, recognizing that low volume alone does not establish that a productive conventional well lacks value.
- Reasonable timelines and transparent criteria for receipt-point expiration, meter-related action, pipeline abandonment, or discontinuance of deliveries, with appropriate consideration of feasible alternatives.

These protections are not inconsistent with Peoples' safety duties. Mr. Jacobs expressly testified that PIOGA is not asking Peoples to compromise safety or reliability, but seeks reasonable operational accommodations, such as notice, good-faith discussion, an opportunity to confirm results before a penalty where appropriate, practical timelines, reasonable low-volume thresholds, and reasonable efforts to preserve flow when safe and reliable. (PIOGA St. No. 2, at 6.)

E. Peoples' safety defense supports, rather than defeats, the requested limited remedy.

Peoples argues that the MIMA is necessary for safe and reliable operation of a system serving more than 700,000 customers. PIOGA agrees. The requested relief fully accommodates that point: it reserves Peoples' authority to act when safety, reliability, gas quality, customer service, or emergency conditions require immediate or different action. The MIMA remedy does not dictate a pressure, compel compression, prevent action on unsafe or abandoned facilities, or override prudent operational judgment.

The dispute is therefore not over whether Peoples should operate safely. It is whether the Commission should require a meaningful, safety-qualified process for communication and consideration of feasible alternatives when the practical value of a producer's paid gathering service may be materially reduced. Peoples' own evidence recognizes that producer operations may be addressed case by case within safety and reliability limits. PIOGA seeks precisely that bounded approach, coupled with notice and genuine consideration where circumstances permit.

XXI.-XXII.

PIOGA presented no evidence or testimony, and has no substantive argument or position regarding, these aspects of the case at this time. PIOGA reserves the right to respond to any arguments by any of the parties in these regards in its reply brief.

XXIII. CONCLUSION

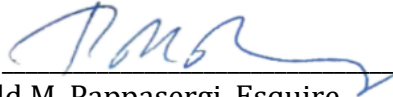
For the foregoing reasons, PIOGA respectfully requests that the Commission:

1. Find that Peoples has not carried its burden under 66 Pa.C.S. §§ 1301, 315, and 332 to prove that the proposed increase in Rate AGS from \$0.24/Mcf to \$0.29/Mcf is just and reasonable;
2. Reject Peoples' proposed Rate AGS increase and retain the current \$0.24/Mcf rate;
3. Alternatively, if the Commission authorizes any Rate AGS increase, limit it to no more than the percentage increase, if any, that the Commission ultimately authorizes for Peoples' base rate case, calculated from the \$0.24/Mcf existing charge consistent with PIOGA Table 3;
4. Direct Peoples to implement the safety-qualified MIMA and operational protections set out in Appendix E; and

5. Grant such other relief as is just, reasonable, and consistent with the evidentiary record.

Dated: August 26, 2026

RESPECTFULLY SUBMITTED:

By: _____

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APPENDIX A – SUMMARY TABLES OF POSITIONS AND ADJUSTMENTS

PIOGA anticipates incorporating by reference, or joining as appropriate, the final summary tables of positions and adjustments submitted by another party or parties in its reply brief and expressly reserves the right to submit the same. PIOGA further reserves the right to identify the appropriate filing party and to substitute the corresponding tables before submission.

For PIOGA's independent Part XX position, the recommended treatment is:

Issue	Peoples Position	PIOGA Position	Proposed Adjustment / Treatment
Rate AGS	Increase from \$0.24/Mcf to \$0.29/Mcf	Reject proposed increase	Retain \$0.24/Mcf
Rate AGS – alternative	\$0.29/Mcf based on requested overall increase	Cap any increase at final authorized overall percentage	$\$0.24/\text{Mcf} \times (1 + \text{final authorized percentage increase})$, if any
MIMA / producer operating framework	Existing tariff and MIMA framework	Safety-qualified practical-access protections	Adopt Appendix E ordering paragraphs

APPENDIX B – BILL IMPACTS

PIOGA anticipates incorporating by reference, or joining as appropriate, the final bill-impact presentation submitted by another party or parties. PIOGA reserves the right to identify the appropriate filing party and to substitute the corresponding bill-impact analysis before submission. PIOGA's Part XX relief does not require a residential or general-service bill-impact calculation. The direct producer rate impact is \$0.05/Mcf under Peoples' proposed increase, subject to the alternative percentage-based cap requested by PIOGA.

APPENDIX C – PROPOSED FINDINGS OF FACT

1. Peoples filed a general base rate request seeking an increase in annual base rate revenues of \$163.2 million, or 13.8% on a total-revenue basis. (Peoples St. No. 1, at 3.)
2. Peoples proposes to increase Rate AGS, applicable to conventional production delivered to the Peoples system, from \$0.24/Mcf to \$0.29/Mcf. (PIOGA St. No. 1, at 3.)
3. Under Peoples' proposed tariff, Rate AGS service is available only if a MIMA has been executed between Peoples and the producer and the producer complies with the MIMA, the Rate AGS schedule, and other applicable tariff provisions. (Peoples Gas—Pa. P.U.C. No. 49, Rate Appalachian Gathering Service, Original Page No. 64.)
4. Peoples considered four approaches to Rate AGS: (a) recovery of the full gathering-system cost of service from producers, producing a rate of \$1.506/Mcf; (b) maintenance of the producer contribution percentage used in the 2023 base-rate case, producing a rate of \$0.324/Mcf; (c) an approach described by Peoples as increasing total gathering revenue by the Company's requested 13.8% overall increase; and (d) recovery of the producer revenue designed in the 2023 base-rate case, producing a rate of \$0.30/Mcf. (Peoples Ex. EAP-1R, at 1.)
5. Peoples selected the third approach. Under that approach, Peoples increased total current gathering revenue of \$7,404,749 by 13.8%, deducted negotiated-rate revenue of \$1,867,374 at its existing amount, and divided the resulting \$6,559,231 revenue requirement by 23,049,155 Mcf of full-tariff volumes. Peoples' calculation produced an unrounded full-tariff Rate AGS charge of approximately \$0.2845758/Mcf, which Peoples reported as \$0.285/Mcf and rounded to \$0.29/Mcf. (*Id.*; Peoples St. No. 5-R, at 6.)

6. The selected Rate AGS methodology does not itself identify a current producer-specific cost-causation analysis, a current producer-specific allocation of gathering costs, or a quantified demonstration that the proposed \$0.05/Mcf increase corresponds to an incremental producer-caused cost.
7. Peoples' selected calculation did not apply 13.8% directly to the existing \$0.24/Mcf full-tariff Rate AGS charge. The calculation increased full-tariff gathering revenue from \$5,523,430 to \$6,559,231—an increase of \$1,035,801, or approximately 18.75%. The unrounded full-tariff Rate AGS charge increased from \$0.24/Mcf to approximately \$0.2845758/Mcf, or approximately 18.57%.
8. Peoples asserts that the gathering system benefits both producers and customers, and that producers should make a contribution toward gathering-system costs. (Peoples St. No. 5-R, at 3.)
9. PIOGA recognizes that producers may make a reasonable contribution to costs associated with facilities used to receive and move local production.
10. Peoples uses local gas as base-load supply and dispatches local supplies first within its gas-supply portfolio, while taking into account reliability, operational requirements, and contractual obligations. (Peoples St. No. 5, at 9.)
11. Peoples acknowledges that conventional production has declined, and PIOGA witnesses explained that additional costs and avoidable operational restrictions may exacerbate the economic pressures affecting low-volume conventional wells.
12. The Rate AGS tariff provides that Peoples' obligation is to receive gas at a gathering receipt point and allow gas to flow against existing pressure in Peoples facilities; the tariff

does not obligate Peoples to lower line pressure by compression or otherwise to accommodate local producers. (PIOGA St. No. 1, at 7.)

13. The MIMA and associated operating practices govern material conditions of producer access, including measurement, gas quality, water vapor, documentation, meter testing, receipt-point status, and operational coordination.
14. PIOGA does not request that Peoples compromise safety, reliability, system integrity, gas quality, customer service, or the ability to respond to emergency conditions.
15. PIOGA requests that, where safe and feasible and where time and circumstances permit, Peoples use reasonable efforts to communicate with producers and consider practical alternatives before an operational change causes avoidable loss of flow, receipt-point expiration, or shut-in. (PIOGA St. No. 3-SR, at 2.)
16. PIOGA's requested reasonable efforts approach includes reasonable notice, good faith discussion, consideration of alternative delivery points or reroutes where feasible, practical regulator-setting adjustments where safe and reliable, and reasonable treatment of low-volume circumstances.
17. The record includes an example in which Peoples and Kriebel developed a seasonal regulator-set-point solution that enabled continued production flow while preserving customer service. (PIOGA St. No. 3-SR, at 2.)
18. The Greensburg Loop example does not establish that a particular operational accommodation is appropriate in every circumstance; operational feasibility depends upon location, season, customer load, system configuration, safety, reliability, gas quality, and emergency conditions.

19. A safety qualified reasonable efforts process can preserve Peoples' authority and responsibility to operate its system safely and reliably while allowing producers a meaningful opportunity to identify feasible alternatives where circumstances permit.

APPENDIX D – PROPOSED CONCLUSIONS OF LAW

1. The Commission has jurisdiction over Peoples’ requested general base rate increase and proposed tariff revisions under the Public Utility Code.
2. Every rate demanded or received by Peoples must be just and reasonable and conform to Commission regulations and orders. 66 Pa. C.S. § 1301.
3. In a proceeding involving a proposed rate increase, Peoples bears the burden to establish that the rate involved is just and reasonable. 66 Pa. C.S. § 315(a).
4. The burden imposed by Section 315 applies to every element of Peoples’ requested rate increase, including the proposed increase in the distinct Rate AGS tariffed charge. *Philadelphia Industrial & Commercial Gas Users Group v. Pa. PUC*, 342 A.3d 140 (Pa. Cmwlth. 2025).
5. The Commission may issue an order only on consideration of the whole record and only if the order is supported by reliable, probative, and substantial evidence. 66 Pa. C.S. § 332(b).
6. An approved rate structure must be supported by record evidence and a sufficiently explained methodology; the Commission may not approve a proposed rate on speculation or in the absence of the calculations or methodology establishing its basis. *Cup v. Pa. PUC*, 556 A.2d 470 (Pa. Cmwlth. 1989).
7. The Commission may consider common and embedded costs, gradualism, rate stability, and rate impacts in rate design. However, the Commission’s discretion remains subject to Sections 1301, 315, and 332 and must be exercised through reasoned findings supported by substantial evidence.

8. Cost causation is a central ratemaking principle. A rate allocation must reflect, at least to some degree, the costs actually caused by the customer or class asked to pay them. *Philadelphia Industrial*, 342 A.3d 140; *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1015, 1019–20 (Pa. Cmwlth. 2006).
9. The Commission may not establish or maintain an unreasonable difference in rates between classes of service. 66 Pa. C.S. § 1304.
10. The fact that Peoples identified total gathering-system cost or alternative higher producer charges does not, without more, establish that the selected increase from \$0.24/Mcf to \$0.29/Mcf is just and reasonable.
11. Because Peoples selected Rate AGS by applying its requested overall base rate increase to the existing producer charge, the record does not establish a producer-specific cost-causation or rate-design basis for the particular selected \$0.05/Mcf increase.
12. Because Peoples did not apply the percentage overall base rate increase directly to the Rate AGS, the record does not establish a producer-specific cost-causation or rate-design basis for the particular selected \$0.05/Mcf increase.
13. Peoples did not carry its burden to prove that the proposed Rate AGS increase from \$0.24/Mcf to \$0.29/Mcf is just and reasonable.
14. The just and reasonable remedy is to deny the proposed Rate AGS increase and retain the existing Rate AGS charge of \$0.24/Mcf.
15. In the alternative, if the Commission authorizes a Rate AGS increase, the Rate AGS directly should not increase by more than the final percentage increase, if any, authorized by the Commission for Peoples' base rate case because Peoples selected its AGS increase by reference to the requested overall percentage increase.

16. The MIMA is a material condition of Rate AGS service, and the terms and practical operation of the MIMA and tariff are relevant to evaluating the service for which producers pay.
17. The Commission may require Peoples to use reasonable, safety-qualified efforts to communicate with producers and consider feasible operational alternatives where circumstances permit, provided that no directive compromises safety, reliability, system integrity, gas quality, customer service, or emergency operations.

APPENDIX E – PROPOSED ORDERING PARAGRAPHS

NOW, THEREFORE, IT IS ORDERED THAT:

1. Peoples Natural Gas Company LLC's proposed increase to Rate Appalachian Gathering Service from \$0.24/Mcf to \$0.29/Mcf is **DENIED**.
2. The effective Rate Appalachian Gathering Service charge for conventional production shall remain **\$0.24/Mcf**, plus any otherwise applicable retainage, unless modified by a subsequent Commission order entered upon a record supporting the modification.
3. In the alternative to Paragraphs 1 and 2, if the Commission authorizes an increase to Rate Appalachian Gathering Service, the authorized rate as directly applied to the current \$0.24/Mcf Rate AGS shall not exceed the current \$0.24/Mcf rate multiplied by one plus the final percentage increase, if any, authorized by the Commission for Peoples Natural Gas Company LLC's base rate case. If no overall base rate increase is authorized, Rate Appalachian Gathering Service shall remain \$0.24/Mcf. Peoples shall file a compliance tariff reflecting the calculation within 20 days of the entry date of the Commission's final order.
4. Within 90 days of the entry date of the Commission's final order, Peoples shall file for Commission review proposed revisions to its Master Interconnect and Measurement Agreement and associated producer-operating practices consistent with the requirements of this paragraph. The revisions shall require Peoples, where time and circumstances permit and where consistent with safety, reliability, system integrity, gas quality, customer service, and emergency operations, to use reasonable efforts to: (a) provide reasonable advance notice to an affected producer before a planned operational change likely to cause an avoidable material restriction of flow, receipt-point expiration,

or discontinuance of deliveries; (b) engage in good faith communication with the affected producer and consider feasible alternatives, including alternate delivery points, reroutes, temporary or seasonal regulator setting adjustments, or other practical operating measures; (c) provide a reasonable opportunity to cure non-emergency documentation, meter testing, or similar compliance deficiencies where a cure is feasible and does not compromise safety, reliability, gas quality, or measurement integrity; (d) apply reasonable and proportionate treatment to low-volume wells and receipt points; and (e) apply transparent and reasonable procedures and timelines concerning receipt-point expiration, meter-related action, pipeline abandonment, and discontinuance of deliveries, including consideration of feasible alternatives where circumstances permit.

5. Nothing in Paragraph 4 requires Peoples to reduce pressure, install compression, alter system configuration, continue service from an unsafe, noncompliant, uneconomic, or abandoned receipt point, delay necessary emergency action, or take any action that Peoples reasonably determines would compromise safety, reliability, system integrity, gas quality, customer service, compliance with law, or the ability to respond to an emergency.
6. Within 30 days after filing the revisions required by Paragraph 4, Peoples shall serve the filing on PIOGA, the Office of Consumer Advocate, the Office of Small Business Advocate, the Bureau of Investigation and Enforcement, and all parties of record. Interested parties may file comments or objections within 30 days after service.
7. The Secretary shall serve a copy of this Order upon all parties of record.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this filing has been served upon the following via e-mail only, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), **dated this 26th day of August, 2026:**

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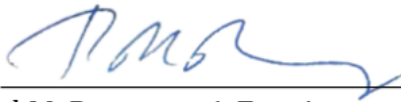
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