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August 26, 2026

VIA ELECTRONIC FILING

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

RE: Pennsylvania Public Utility Commission v. Peoples Natural Gas Company LLC; Docket No. R-2026-3060855; **MAIN BRIEF**

Dear Secretary Homsher:

Enclosed for filing with the Commission is the Main Brief of the Retail Energy Supply Association ("RESA") in the above-captioned matter. Copies of the Brief have been served in accordance with the attached Certificate of Service.

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

Very truly yours,

Todd S. Stewart
Counsel for the Retail Energy Supply Association ("RESA")

TSS/jld
Enclosure
cc: Administrative Law Judge Charece Z. Collins (via electronic mail – charcollin@pa.gov)
Per Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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DATED: August 26, 2026

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

MAIN BRIEF
OF THE RETAIL ENERGY SUPPLY ASSOCIATION

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DATED: August 26, 2026

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I. INTRODUCTION

A. RESA

Founded in 1990, the Retail Energy Supply Association (RESA) is an organization of broad and diverse retail energy suppliers dedicated to promoting efficient, sustainable, and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added retail electricity and natural gas services to residential, commercial, and industrial energy customers. More information on RESA can be found at www.resausa.org.

RESA's interest in this matter is narrow and limited to addressing and opposing CAUSE-PA's proposal to limit participation in Peoples' Purchase Of Receivables ("POR") program to natural gas suppliers ("NGSs") that exclusively price service at or below the price to compare. RESA's position is straightforward: regulating the availability of a necessary utility service on the basis of the price of service (which is not regulated) is illegal, unwarranted, and unsupported. Not only is using price to regulate a supplier's ability to receive a critical service illegal rate regulation, it is also discriminatory and contrary to the policy for competitive markets adopted by the Commission since competition was introduced. The Commission has consistently supported POR as a necessary and lawful tool for implementing *Choice* in Pennsylvania. Without any evidence of causation Peoples is asking this Commission to cripple a crucial component of the competitive market on pure speculation.

B. PROCEDURAL HISTORY

Peoples filed Supplement Nos. 49 and S-5 on March 27, 2026, seeking an annual revenue increase of approximately $163.2 million (13.1% increase on a typical residential bill). The Commission suspended the tariffs until December 26, 2026, by Order dated April 16, 2026, and assigned the matter to Presiding Administrative Law Judge, Charece Z. Collins.

Peoples' Direct Testimony did not propose any modification of the Company's existing Purchase of Receivables ("POR") program except to lower the discount rate to reflect the system-wide reduction in uncollectible expense.[1]

The statutory advocates and intervenors entered the case in short order: I&E (Notice of Appearance, April 2); OCA (Complaint, C-2026-3061455, March 31); OSBA (Notice of Appearance and Formal Complaint, C-2026-3061593, March 31/April 7); CAUSE-PA (Formal Complaint, C-2026-3061685, and Notice of Appearance, April 9/13); the Weatherization Providers Task Force (Petition to Intervene, April 7); PIOGA (Notice of Appearance and Petition to Intervene, April 24); and RESA (Petition to Intervene, May 1).

A Prehearing Conference was held April 28, 2026, with all above parties appearing. The Task Force, PIOGA, and RESA petitions were granted without objection.

Peoples' Unopposed Motion for Protective Order (filed May 11) was granted June 11. Eight public input hearings (six in-person, two telephonic) were noticed May 20.

Two individual Formal Complaints - Jonathan Visser (C-2026-3063372, June 10) and Christopher Kelley (C-2026-3063787, June 25) - were filed and consolidated into the base rate docket, as was a prior Ben Troyer Complaint regarding Peoples' Weather Normalization Adjustment (originally C-2025-3059337, consolidated by Joint Motion June 19). All statutory advocate/CAUSE-PA Complaints were likewise consolidated for disposition.

Evidentiary hearings were scheduled for August 5-7, 2026.

A single day hearing was held on August 5, 2026, where all of the pre-served testimony and exhibits were entered into the record by stipulation and without cross-examination.

[1] Peoples St. 21-R, p. 1, 12-13.

The Schedule established for this matter requires that Main Briefs be submitted on or before August 27, 2026, and this brief is filed in compliance with that requirement.

C. LEGAL STANDARDS

In any proceeding upon the motion of the Commission involving any proposed or existing rate of any public utility, or in any proceeding upon complaint involving any proposed increase in rates, the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility. 66 Pa.C.S. § 315(a). In reviewing Section 315(a) of the Code, the Pennsylvania Commonwealth Court interpreted a public utility's burden of proof in a rate proceeding as follows:

> Section 315(a) of the Public Utility Code, 66 Pa.C.S. § 315(a), places the burden of proving the justness and reasonableness of a proposed rate hike squarely on the public utility *It is well-established that the evidence adduced by a utility to meet this burden must be substantial*.[2]

In general rate increase proceedings, it is well established that the burden of proof does not shift to parties challenging a requested rate increase. Rather, the utility's burden of establishing the justness and reasonableness of every component of its rate request is an affirmative one, and that burden remains with the public utility throughout the course of the rate proceeding. There is no similar burden placed on other parties to justify proposed adjustments to the Company's filing. The Pennsylvania Supreme Court has held:

> [T]he appellants did not have the burden of proving that the plant additions were improper, unnecessary or too costly; on the contrary, that burden is, by statute, on the utility to demonstrate the reasonable necessity and cost of the installations, and that is the burden which the utility patently failed to carry. [3]

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[2] *Lower Frederick Twp. Water Co. v. Pa. PUC*, 409 A.2d 505, 507 (Pa. Cmwlth. 1980) (emphasis added); s*ee also*, *Brockway Glass Co. v. Pa. PUC*, 437 A.2d 1067 (Pa. Cmwlth. 1981).
[3] *Berner v. Pa. PUC*, 116 A.2d 738, 744 (Pa. 1955).

However, proving that its proposed rates are just and reasonable, a public utility need not affirmatively defend every claim it has made in its filing, even those which no other party has questioned. As the Pennsylvania Commonwealth Court has held:

> While it is axiomatic that a utility has the burden of proving the justness and reasonableness of its proposed rates, it cannot be called upon to account for every action absent prior notice that such action is to be challenged.[4]

Additionally, Section 315(a) of the Code, 66 Pa.C.S. § 315(a), cannot reasonably be read to place the burden of proof on the utility with respect to an issue the utility did not include in its general rate case filing. 66 Pa.C.S. § 315(a). The burden of proof must be on the party who proposes a rate increase or any other amendment to the rate filing beyond that sought by the utility.[5] In short, in a rate proceeding, the proponent of any rule or order before the Commission bears the burden of proof with regard to any novel proposal. In this case, it is both CAUSE-PA, that proposed the change, and Peoples, which adopted that position as its own, that together bear the burden of proof with regard to the CAUSE-PA proposal to modify the POR process that has been in place for nearly two decades. They have failed to carry that burden.

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

CAUSE-PA witness Mr. Cicero, proposed in his Direct Testimony, that Peoples be required to limit participation in its POR program to suppliers that price their products at, or below the Peoples Price to Compare ("PTC"). (CAUSE-PA St. No.1, pp., 83-93). In his Rebuttal Testimony, Peoples' witness Mr. Kolich adopted the proposal and the reasoning presented by Mr. Cicero and provided no independent evidence. (PNG St. No. 21-R). As described by RESA witness, Francis Caliva, Mr. Cicero's proposal is "that because of POR, suppliers are immunized from

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[4] *Allegheny Center Assocs. v. Pa. PUC*, 570 A.2d 149, 153 (Pa. Cmwlth. 1990) (citation omitted). *See also Pa. PUC v. Equitable Gas Co.*, 73 Pa. P.U.C. 310, 359-360 (1990).
[5] *Pa. PUC v. Metro. Edison Co.*, Docket No. R-00061366, 2007 Pa. PUC LEXIS 5 (Order entered January 11, 2007).

uncollectibles expense and therefore feel no pressure to price below the utility's Price to Compare ("PTC")." (RESA St. 1-R, 3:9-15). According to Mr. Caliva, Mr. Cicero "provides no evidence that supports this argument." (Id.) Nonetheless, Mr. Cicero's proposed "fix" for this "problem" is to force suppliers to price their product below the PTC or be excluded from participating in the POR program that the Commission has described as "essential." (Id.)

The record shows that Mr. Cicero provides no basis for his theory. Mr. Cicero fails to connect what he perceives as the problem, namely that some customers pay rates higher than the PTC, which is entirely expected in a competitive, non-price regulated market where suppliers offer products with different features and value propositions, with his claim that the existence of POR causes a lack of pricing discipline. Specifically, Mr. Cicero contends that POR insulates suppliers from customer bad debt allegedly resulting from prices above the PTC.[6] Yet he does not explain how suppliers charging prices above the PTC is caused by, or even meaningfully related to, the availability of POR. In other words, there is no evidence of causation. In fact, Peoples' experienced bad debt is decreasing, not increasing. This is evidenced by the Company's initial proposal to decrease the POR discount rate as a reflection of reductions in bad debt. This action alone is a detrimental blow to Mr. Cicero's theory. Not only did Mr. Cicero fail to produce anything other than his own conjecture to support his theory, he ignores the simple fact that the Commission maintains POR programs are a means of enhancing competition, not fatally wounding it. Mr. Cicero also forgets that statutorily the Commission does not have the authority to regulate NGSs' prices, nor are utilities, like Peoples, authorized to condition the services they provide to NGSs based on the suppliers' prices. To deprive certain suppliers access to POR based on price also violates the requirements that natural gas distribution companies ("NGDC") not discriminate in

[6] Mr. Cicero likewise produces no legal or factual basis for determining the PTC to be a competitive benchmark price, because it is not.

the provision of service. Peoples is now proposing to do just that by segmenting suppliers into winners and losers based solely on the price of their product.[7] Nothing in the Public Utility Code presently authorizes such gatekeeping through rate regulation.[8]

XIX. <u>PURCHASE OF RECEIVABLES PROGRAM</u>

A. Description of the POR Program — POR Is an Essential Utility Service

Peoples' Purchase of Receivables program is the mechanism through which Peoples bills customers for natural gas supply service as required by the Natural Gas Competition Act[9], while allowing customers served by a Natural Gas Supplier to receive a single, consolidated bill. Rather than merely sending a bill on the supplier's behalf, Peoples purchases the receivable created by the customer's billed usage at a discount that reflects Peoples' system-wide uncollectible rate — presently 2.20%, and, under Peoples' own proposal in this proceeding, falling to approximately 1.93%.[10] Peoples then remits the discounted amount to the supplier and undertakes the collection, and — where necessary — service-termination functions with respect to that receivable, just as it does for its own default-service customers.

POR did not arise as a matter of supplier convenience; it came about because the Commission, in structuring retail choice, declined to permit suppliers to bill customers directly through supplier consolidated billing ("SCB"), a model used in some other jurisdictions.[11] Because only the utility possesses the authority to terminate service for nonpayment — what

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[7] 66 Pa. C.S. § 1502.

[8] *Ronald Valentino v. Dominion Retail T/A Peoples Plus*, Docket No. C-20055447(Final Order entered January 17, 2006).

[9] 66 Pa. C.S. § 2205(c); RESA St. 1-R at 3 (describing statutory billing obligation).

[10] RESA St. 1-R at 3-4; RESA St. 1-SR at 4 ("the uncollectible discount charged to suppliers would shrink from 2.20% to roughly 1.93% under Peoples' own rate proposal in this same case").

[11] RESA St. 1-R at 4 ("The Commission declined the suppliers' request for a number of reasons, but the Commission appears to have understood the concern raised about customers receiving multiple bills, and the inability of suppliers to shut off service for non-payment, and so insisted that utilities provide POR.").

RESA's witness describes as the "power of the wrench"[12] — and because the billing and collection infrastructure Peoples uses was built at the expense of all ratepayers, including those served by competitive suppliers, POR is the mechanism that puts utility and supplier receivables on equal footing and allows the competitive market to function without subjecting customers to duplicate or conflicting bills.[13]

POR has operated in this manner, without material complaint or need for restructuring, for nearly two decades.[14] The Commission has separately recognized, in other proceedings, the public interest served by purchase-of-receivables programs generally.[15] POR is, in short, essential utility infrastructure — not a discretionary courtesy Peoples extends to suppliers, and not a lever available to be turned on or off based on the content of a supplier's unregulated retail pricing.

B. Permitting Access to POR Based on a Supplier's Rates Is Illegal Discrimination and Unauthorized Price Regulation

The Natural Gas Choice and Competition Act, 66 Pa. C.S. § 2201 *et seq.*, places the choice of supplier in the customer's hands[16] and expressly guarantees that customers will be able to "choose among a variety of products including but not limited to different supply and pricing options."[17] Neither the Competition Act nor any other provision of the Public Utility Code authorizes the Commission or an NGDC to regulate the rates a licensed NGS charges its customers,

[12]RESA St. 1-R at 8.
[13]RESA St. 1-R at 4 ("with POR the Commission leveled the competitive playing field, putting utility and supplier receivables on equal footing"); RESA St. 1-R at 8.
[14]RESA St. 1-R at 3 ("essential-service purchase of receivables ("POR") program that has been working without issue for more than 10 years").
[15]RESA St. 1-R at 8, citing *PPL Elec. Utils. Corp. Retail Mkts.*, Docket No. M-2009-2104271 (Opinion and Order entered Aug. 11, 2009), pp. 22-30.
[16]66 Pa. C.S. § 2204(a); RESA St. 1-R at 8.
[17]66 Pa. C.S. § 2203(2); RESA St. 1-SR at 3.

and nothing in the Code establishes the Price to Compare as a rate ceiling or a competitive benchmark against which supplier pricing must be measured.[18]

Conditioning access to an essential billing service on whether a supplier's price falls at or below the PTC is, in essence, unlawful price regulation. If Peoples or the Commission may deny a supplier access to POR because its price exceeds a Commission- or utility-set threshold, that is functionally identical to capping the supplier's price, since a supplier priced above the line faces the loss of POR and the disruptive, duplicative, and customer-unfriendly implications that follow. As RESA's witness explained, "[t]hat is the essence of rate regulation," and neither the Commission nor any utility is authorized to regulate the prices an NGS charge so long as those prices are consistent with the customer's agreement with the supplier.[19]

The proposal is also independently unlawful as discrimination in the provision of utility service. POR is a utility service, and a utility service "cannot be provided in a discriminatory manner."[20] Under the CAUSE-PA/Peoples proposal, Peoples would pick winners and losers among otherwise creditworthy, Commission-approved suppliers based solely on a price criterion that is itself unregulated — rather than treating all qualifying NGSs neutrally and providing equal access, as the nondiscrimination requirement demands.[21]

The proposal is also internally incoherent. The PTC is not a market price; it is Peoples' own bundled default-service rate, driven by purchased-gas costs with guaranteed cost recovery and reset on a quarterly cadence unrelated to the timing or duration of supplier contracts.[22] If, as

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[18]RESA St. 1-SR at 3 ("the Competition Act does not authorize... the Commission or NGDCs to regulate retail prices, nor does it establish the Price to Compare as a pricing cap or benchmark").
[19]RESA St. 1-R at 7; *Ronald Valentino v. Dominion Retail T/A Peoples Plus*, Docket No. C-20055447(Final Order entered January 17, 2006).
[20]66 Pa. C.S. § 1502; RESA St. 1-R at 10.
[21]RESA St. 1-R at 6, 10 ("it is not supposed to pick winners and losers based on arbitrary price ceilings").
[22]RESA St. 1-R at 11 (describing the PTC's quarterly reset cadence and its disconnect from wholesale market realities).

CAUSE-PA and Peoples assume, the PTC is nonetheless a valid, apples-to-apples benchmark for supplier pricing, then the proposal would let one competitor — Peoples — set the effective price ceiling for its rivals in the same market, a result inconsistent with the General Assembly's and the Commission's understanding of retail competition.[23] If, on the other hand, supplier products and utility default service are not directly comparable — as RESA submits is the case, given differences in contract term, price certainty, and other product features — then the PTC is not an appropriate benchmark for supplier pricing at all, and the premise for the entire proposal collapses.[24]

C. There Is No Evidentiary Basis to Show that POR Causes the Harm CAUSE-PA and Peoples Allege

CAUSE-PA and Peoples, as the parties proposing to modify a decade-old element of Peoples' rate structure, bear the burden of proving that their proposal is necessary and appropriate.[25] They have not carried that burden. Mr. Cicero's theory is that the POR discount "immunizes" suppliers from uncollectible risk and therefore removes any incentive to price at or below the PTC.[26] That theory does not survive scrutiny of the record.

First, the premise is factually wrong. Suppliers are not insulated from uncollectible expense; they are charged a discount equal to Peoples' actual, system-wide uncollectible rate, adjusted whenever Peoples updates its merchant function charge based on real uncollectible experience.[27] And in this very proceeding, Peoples proposes to reduce that discount from 2.20% to approximately 1.93% — a reduction that cuts directly against, rather than supports, the notion

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[23]RESA St. 1-R at 7 ("It would be highly unreasonable to allow one competitor to set the rate ceiling for another.").
[24]RESA St. 1-R at 5-7.
[25]See supra Section I.C (Legal Standards); Pa. PUC v. Metro. Edison Co., Docket No. R-00061366, 2007 Pa. PUC LEXIS 5 (Order entered Jan. 11, 2007).
[26]RESA St. 1-R at 3.
[27]RESA St. 1-R at 5.

that suppliers are shielded from uncollectible risk or that the discount is growing as an incentive problem.[28]

Second, Peoples' own witness added no independent analysis to fill this gap. Mr. Kolich sponsors no exhibits and offers no independent study; he summarizes Mr. Cicero's recommendation and reasoning and adopts it as Peoples' position.[29] His statement that the proposal "could help reduce customer costs" is speculation, not evidence — it does not address what actually happens to a customer whose supplier is excluded from POR, whether that customer moves to default service, moves to another competitive supplier, or simply loses a product the customer affirmatively chose.[30]

Third, the aggregate statistics both witnesses rely upon do not show causation. Mr. Cicero's Tables 15 and 16, and Mr. Kolich's parallel statistic that "approximately 95.8% of residential shopping customers pay more than the PTC... and the average supplier price is 82% above the PTC,"[31] are aggregate, point-in-time comparisons to the PTC. Neither witness compares what shopping customers actually paid to what they could have paid under the lowest-cost supplier offer available in the market during the same period, and neither accounts for contract term, price certainty, or other product attributes a customer may have deliberately chosen. A customer on a multi-year fixed contract will appear to be "paying more than the PTC" in any month the PTC happens to be low, without having been harmed in any meaningful sense.[32] Nor does either witness show that suppliers actually rely on the averaged POR discount in setting their prices, or that uncollectible amounts attributable to NGS customers are disproportionate to system-wide

[28]RESA St. 1-SR at 4.
[29]Peoples St. No. 21-R at 1:21-22, 3:9-23, as characterized at RESA St. 1-SR at 2.
[30]Peoples St. No. 21-R at 5:2-3, quoted at RESA St. 1-SR at 4.
[31]Peoples St. No. 21-R at 5:3-5, quoted at RESA St. 1-SR at 5.
[32]RESA St. 1-SR at 5.

experience — to the contrary, supplier-originated receivables account for less than one-half of one percent of Peoples' average residential write-offs, and less than two-tenths of one percent of write-offs among low-income accounts.[33]

Fourth, even accepting CAUSE-PA's own figures at face value, the proposed remedy is far broader than any harm shown. By Mr. Cicero's own numbers, confirmed low-income customers account for only $7.9 million of the $57.3 million in alleged aggregate cost difference between shopping and default-service customers for the period January 2024 through April 2026 — roughly 14%.[34] Yet the proposed POR restriction would apply to every residential shopping customer in Peoples' territory, without regard to income.[35] A market-wide restriction is a poor fit for alleged harm that, on the proponents' own data, is concentrated in a small share of the affected population, and neither witness considered — let alone showed to be inadequate — any less restrictive alternative before proposing wholesale exclusion from an essential service.[36]

D. POR Is Longstanding, Successful Commission Policy That the Proposal Would Disrupt Without Justification

POR has functioned as designed for more than ten years, following the Commission's considered decision to require utility consolidated billing with POR rather than permit supplier consolidated billing when the retail market was restructured.[37] That decision reflected the Commission's recognition that only utilities have shutoff authority for nonpayment and that the billing and collection systems in place were built at the expense of all ratepayers. Nothing in the current record justifies unwinding that settled arrangement now, on the theory advanced here.[38]

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[33]RESA St. 1-R at 9-10, citing CAUSE-PA "Gross Write Offs (Table 16)" workpapers.
[34]CAUSE-PA St. 1 at 86; RESA St. 1-SR at 8.
[35]CAUSE-PA St. 1 at 89; RESA St. 1-SR at 7.
[36]RESA St. 1-SR at 6.
[37]RESA St. 1-R at 3-4.
[38]RESA St. 1-R at 4, 8.

The disruption that would follow adoption of the proposal is not speculative. Consider a customer who selects a 24-month fixed-rate product for the budget certainty it provides. If, fifteen months into that contract, the PTC moves and the supplier's price is now above it, the supplier — under the proposal — would not be able to renew that contract, even though it provided 15 months below the PTC and even though the PTC could just as easily move the other way three months later.[39] A supplier in that position faces only bad options: build or contract for its own billing and collection capability on short notice, at significant cost; continue on Peoples' consolidated billing without POR, in which case Peoples has no incentive to actively collect on receivables it no longer owns and the supplier's cash flow deteriorates; or exit the business relationship with the customer altogether.[40] None of these outcomes serves the customer who chose that supplier's product, and any resulting shift of customers back onto duplicate billing infrastructure raises costs that are ultimately borne by all ratepayers.[41]

Finally, the proposal now before the Commission is not a workable rule. Mr. Kolich concedes that Peoples "has not yet fully evaluated the level of effort or potential costs associated with implementing Mr. Cicero's recommendation because the proposal does not specify how the Company would be expected to adopt it," and that no rules yet exist for "timing for entry into a POR pool and exiting a POR pool" or for "communicating with customers."[42] Peoples' assurance that its own implementation costs will be minimal addresses only its internal systems; it says nothing about the cost and disruption to suppliers who must build or contract for independent billing and collection capability, or how a certification tied to "contract initiation or renewal" would apply to existing multi-year or variable-rate contracts that move above and below the PTC

[39]RESA St. 1-R at 11.
[40]RESA St. 1-R at 12-13.
[41]RESA St. 1-R at 12.
[42]Peoples St. No. 21-R at 5:12-18, quoted at RESA St. 1-SR at 6.

over their term.[43] A cost analysis confined to the utility's own systems is not a cost-benefit analysis of the proposal CAUSE-PA and Peoples ask the Commission to adopt.

XXIII. CONCLUSION

For all of these reasons — the absence of any legal authority to condition an essential billing service on a supplier's unregulated retail price, the absence of any evidence that POR causes the pricing CAUSE-PA and Peoples criticize, the mismatch between the narrow harm alleged and the sweeping remedy proposed, and the disruption the proposal would visit on a program that has functioned successfully for more than a decade — the Commission should reject the proposed restriction on POR eligibility in its entirety.

Respectfully submitted,

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Counsel for the Retail Energy Supply Association ("RESA")

DATED: August 26, 2026

[43] RESA St. 1-SR at 6-7.

Appendix C
PROPOSED FINDINGS OF FACT

1. In its Direct Testimony, Peoples did not propose any modification to its existing Purchase of Receivables ("POR") program other than a reduction to the POR discount rate to reflect a system-wide reduction in uncollectible expense. (Peoples St. 21-R at 1, 12-13).

2. Peoples' POR program is the mechanism through which Peoples bills customers for natural gas supply service furnished by a Natural Gas Supplier ("NGS"), consistent with the billing obligation the Natural Gas Competition Act imposes on the Company, while allowing customers to receive a single, consolidated bill rather than separate bills from the utility and the supplier. (RESA St. 1-R at 3).

3. Under the POR program, Peoples purchases the receivable created by a customer's billed usage at a discount reflecting Peoples' system-wide uncollectible rate — presently 2.20%, and, under Peoples' own proposal in this proceeding, decreasing to approximately 1.93%. (RESA St. 1-R at 3-4; RESA St. 1-SR at 4).

4. Peoples remits the discounted amount to the supplier and undertakes collection of the receivable, including termination of service for nonpayment where necessary, in the same manner Peoples proceeds against its own default-service customers. (RESA St. 1-R at 3-4).

5. POR was adopted because the Commission, in structuring retail choice, declined to permit suppliers to bill customers directly through supplier consolidated billing, recognizing that only the utility possesses the authority to terminate service for nonpayment. (RESA St. 1-R at 4).

6. The billing and collection infrastructure Peoples uses to administer POR was constructed at the expense of all ratepayers, including those served by competitive suppliers, and POR places utility and supplier receivables on equal footing so that the competitive market can function without subjecting customers to duplicate or conflicting bills. (RESA St. 1-R at 4, 8).

7. POR has operated without material complaint or need for restructuring for nearly two decades, and the current program design has functioned as intended for more than ten years. (RESA St. 1-R at 3, 8; RESA St. 1-R at 3-4).

8. The Commission has separately recognized, in other proceedings, the public interest served by purchase-of-receivables programs generally. (RESA St. 1-R at 8, citing *PPL Elec. Utils. Corp. Retail Mkts*., Docket No. M-2009-2104271 (Order entered Aug. 11, 2009), at 22-30).

9. CAUSE-PA witness Mr. Cicero, in Direct Testimony, proposed that Peoples be required to limit participation in its POR program to natural gas suppliers that price their products at or below Peoples' price to compare ("PTC"). (CAUSE-PA St. No. 1 at 83-93).

10. Peoples witness Mr. Kolich, in Rebuttal Testimony, adopted Mr. Cicero's proposal and the reasoning presented in support of it, without sponsoring independent exhibits or offering an independent evidentiary basis for the proposal. (Peoples St. No. 21-R; RESA St. 1-SR at 2, 5).

11. Mr. Cicero's theory, as described by RESA witness Francis Caliva, is that because of POR, suppliers are immunized from uncollectible-expense risk and therefore feel no pressure to price at or below the PTC. (RESA St. 1-R at 3:9-15).

12. Mr. Cicero did not identify record evidence supporting his theory that the availability of POR causes suppliers to price above the PTC. (RESA St. 1-R at 3:9-15).

13. Suppliers participating in POR are not insulated from uncollectible expense; they are charged a discount equal to Peoples' actual, system-wide uncollectible rate, which Peoples adjusts whenever it updates its merchant function charge to reflect actual uncollectible experience. (RESA St. 1-R at 5-7)

14. In this proceeding, Peoples proposes to reduce the POR discount rate from 2.20% to approximately 1.93%, a reduction that is inconsistent with the premise that suppliers are increasingly shielded from uncollectible risk under the current program. (RESA St. 1-R at 3-4; RESA St. 1-SR at 4).

15. Mr. Kolich's statement that the proposed restriction "could help reduce customer costs" is not supported by any independent analysis of what happens to a customer whose supplier is excluded from POR — including whether that customer moves to default service, switches to another competitive supplier, or loses a product the customer affirmatively chose. (Peoples St. No. 21-R at 5:2-3, quoted at RESA St. 1-SR at 4).

16. The aggregate, point-in-time statistics relied upon by Mr. Cicero (Tables 15 and 16) and by Mr. Kolich — including the statistic that approximately 95.8% of residential shopping customers pay more than the PTC and that the average supplier price is 82% above the PTC — do not compare what shopping customers actually paid to the lowest-cost supplier offer available in the market during the same period, and do not account for contract term, price certainty, or other product attributes a customer may have deliberately chosen. (CAUSE-PA St. 1 at 86, 89; Peoples St. No. 21-R at 5:3-5, quoted at RESA St. 1-SR at 5; RESA St. 1-SR at 6-8).

17. Supplier-originated receivables account for less than one-half of one percent of Peoples' average residential write-offs, and less than two-tenths of one percent of write-offs among low-income accounts. (RESA St. 1-R at 9-10, citing CAUSE-PA "Gross Write Offs (Table 16)" workpapers).

18. Of the $57.3 million in alleged aggregate cost difference between shopping and default-service customers identified by Mr. Cicero for the period January 2024 through April 2026,

confirmed low-income customers account for only $7.9 million, or approximately 14% of the alleged difference. (CAUSE-PA St. 1 at 86; RESA St. 1-SR at 8).

19. The proposed POR restriction would apply to every residential shopping customer in Peoples' service territory, without regard to income, and neither Mr. Cicero nor Mr. Kolich considered, or showed to be inadequate, any less restrictive alternative to a wholesale exclusion from POR. (CAUSE-PA St. 1 at 89; RESA St. 1-SR at 6-7).

20. Mr. Kolich concedes that Peoples "has not yet fully evaluated the level of effort or potential costs associated with implementing Mr. Cicero's recommendation because the proposal does not specify how the Company would be expected to adopt it," and that no rules yet exist governing timing for entry into or exit from a POR pool, or for communicating with affected customers. (Peoples St. No. 21-R at 5:12-18, quoted at RESA St. 1-SR at 6).

21. Peoples' cost estimate addresses only the Company's own internal systems and does not address the cost or disruption to suppliers who would need to build or contract for independent billing and collection capability, nor how a certification requirement tied to contract initiation or renewal would apply to existing multi-year or variable-rate contracts whose price moves above and below the PTC over the life of the contract. (RESA St. 1-SR at 6-7).

22. A supplier whose price rises above the PTC during the term of a fixed-rate contract would, under the proposal, be unable to renew that contract even if the contract provided months of service below the PTC and even though the PTC could move in the opposite direction within a similar timeframe; such a supplier would face the choice of building independent billing and collection capability at significant cost, continuing on Peoples' consolidated billing without POR and without an incentive for Peoples to actively collect on receivables it no longer owns, or exiting the customer relationship altogether. (RESA St. 1-R at 11-13).

Appendix D
PROPOSED CONCLUSIONS OF LAW

1. The Pennsylvania Public Utility Commission has jurisdiction over Peoples Natural Gas Company LLC and over the subject matter of this proceeding pursuant to the Public Utility Code, 66 Pa. C.S. § 101 et seq., including the ratemaking provisions of 66 Pa. C.S. § 1301 et seq.

2. In any proceeding involving a proposed increase in rates, the burden of proving that the proposed rates are just and reasonable rests upon the public utility, and that burden must be supported by substantial evidence. (66 Pa. C.S. § 315(a); Lower Frederick Twp. Water Co. v. Pa. PUC, 409 A.2d 505, 507 (Pa. Cmwlth. 1980); see also Brockway Glass Co. v. Pa. PUC, 437 A.2d 1067 (Pa. Cmwlth. 1981)).

3. The utility's burden of proving the justness and reasonableness of every component of its rate filing is an affirmative one that remains with the utility throughout the proceeding and does not shift to parties opposing the requested increase. (Berner v. Pa. PUC, 116 A.2d 738, 744 (Pa. 1955)).

4. A utility is not required to affirmatively defend every unchallenged aspect of its filing, but where a party proposes a novel change to an established element of the utility's rate structure or operations, the burden of proof as to that proposal rests upon its proponent. (Allegheny Center Assocs. v. Pa. PUC, 570 A.2d 149, 153 (Pa. Cmwlth. 1990); Pa. PUC v. Equitable Gas Co., 73 Pa. P.U.C. 310, 359-60 (1990); Pa. PUC v. Metro. Edison Co., Docket No. R-00061366, 2007 Pa. PUC LEXIS 5 (Order entered Jan. 11, 2007)).

5. CAUSE-PA, as the party that proposed restricting eligibility for Peoples' POR program based on supplier pricing, and Peoples, which adopted that proposal as its own, bear the burden of proving that the proposed restriction is necessary and appropriate. CAUSE-PA and

Peoples have not carried that burden on this record. (Pa. PUC v. Metro. Edison Co., Docket No. R-00061366, 2007 Pa. PUC LEXIS 5 (Order entered Jan. 11, 2007)).

6. The Natural Gas Competition Act imposes on Peoples the obligation to bill customers for natural gas supply service, and Peoples' POR program is the mechanism by which that statutory billing obligation is discharged for customers served by a Natural Gas Supplier while receiving a single consolidated bill. (66 Pa. C.S. § 2205(c)).

7. The Natural Gas Choice and Competition Act places the choice of supplier in the customer's hands and guarantees that customers may choose among a variety of products, "including but not limited to different supply and pricing options." (66 Pa. C.S. § 2201 et seq.; 66 Pa. C.S. § 2204(a); 66 Pa. C.S. § 2203(2)).

8. Neither the Competition Act nor any other provision of the Public Utility Code authorizes the Commission or a natural gas distribution company to regulate the rates charged by a licensed natural gas supplier, and no provision of the Code establishes the price to compare as a rate ceiling or competitive benchmark against which supplier pricing must be measured. (66 Pa. C.S. § 2201 et seq.).

9. Conditioning a supplier's access to POR — an essential utility billing service — on whether the supplier's unregulated retail price falls at or below the PTC functions as regulation of the rates charged by natural gas suppliers, which the Commission is not statutorily authorized to undertake. (66 Pa. C.S. § 2201 et seq.).

10. A utility service, including POR, may not be provided in a discriminatory manner; conditioning POR eligibility on a supplier's unregulated pricing, rather than administering the program neutrally as to all qualifying, Commission-approved suppliers, would constitute unlawful discrimination in the provision of utility service. (66 Pa. C.S. § 1502).

11. CAUSE-PA and Peoples have not met their burden of demonstrating, by substantial evidence, a causal relationship between the availability of POR and the incidence of supplier pricing above the PTC.

12. Even if some causal relationship between POR and supplier pricing above the PTC had been shown, which it has not, the proposed restriction is not a remedy reasonably tailored to any harm demonstrated on this record, because the restriction would apply to all residential shopping customers without regard to income notwithstanding record evidence that any identified harm is concentrated among a small subset of low-income customers, and because neither proponent evaluated any less restrictive alternative.

13. The proposed restriction on POR eligibility is not supported by substantial evidence, is not authorized by the Public Utility Code, and would constitute an unlawful and unauthorized restructuring of an essential utility service. The proposed restriction on POR eligibility should accordingly be rejected in its entirety, and Peoples' POR program should continue to be administered without the price-based eligibility restriction proposed by CAUSE-PA and adopted by Peoples, subject to Commission approval of any uncollectible-discount-rate adjustment properly supported elsewhere in this proceeding.

Appendix E
PROPOSED ORDERING PARAGRAPHS

1. The changes to Peoples' POR program proposed by CAUSE-PA are not approved and are rejected as being contrary to law and longstanding policy.