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September 4, 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; **REPLY BRIEF**

Dear Secretary Homsher:

Enclosed for filing with the Commission is the Reply 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: September 4, 2026

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

REPLY BRIEF
OF THE RETAIL ENERGY SUPPLY ASSOCIATION

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DATED: September 4, 2026

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I. INTRODUCTION

This proceeding presents a single question with respect to Peoples' Purchase of Receivables ("POR") program: may the Commission condition a supplier's access to an existing, Commission-approved billing and collection service on whether that supplier's unregulated retail price falls at or below a benchmark rate that Peoples itself sets, reviews, and revises every quarter? CAUSE-PA and Peoples answer yes, and they do so mostly by leaning on a single word — "voluntary" — as though it disposes of the question. It does not. POR was not proposed as a matter of supplier convenience; the Commission encouraged natural gas distribution companies ("NGDCs") to offer consolidated billing with POR, rather than permit suppliers to bill customers directly, precisely because only the utility has authority to terminate service for nonpayment (RESA MB at 6-7). That Peoples was not compelled by statute to build the underlying mechanism has no bearing on how it may administer that mechanism once built, tariffed, and relied upon by suppliers and customers for sixteen years. Nor, as shown below, have CAUSE-PA or Peoples supplied any evidence, or even a plausible theory, that POR causes the pricing patterns they now ask the Commission to punish.

RESA replies herein to the arguments advanced in CAUSE-PA's Main Brief ("CAUSE-PA MB") pp. 99-109 and Peoples' Main Brief ("Peoples MB") pp. 143-145, and respectfully requests that the Commission reject the proposed restriction on POR eligibility in its entirety, for the reasons set forth in RESA's Main Brief and reinforced here.

II. ARGUMENT

A. POR's "Voluntary" Origin Does Not Authorize Discriminatory or Price-Based Administration of an Existing, Tariffed Program.

Peoples and CAUSE-PA each stress that POR is "optional" or "voluntary." Peoples MB at 145 ("the POR Program is optional as set forth in the Commission's regulations"); CAUSE-PA

MB at 102 (POR programs are an “optional and voluntary retail market enhancement program”). CAUSE-PA further observes that the Natural Gas Choice and Competition Act bars the Commission from requiring an NGDC “to forward payment to entities providing services to customers ... before the [NGDC] has received payment ... from customers.” 66 Pa. C.S. § 2205(c)(5); CAUSE-PA MB at 102. All of this is true, and none of it is disputed. It is also beside the point. Section 2205(c)(5) speaks to whether the Commission may compel Peoples to advance payment to suppliers at all — that is, whether a POR program must exist. It says nothing about how a POR program must be administered once a utility has voluntarily elected to establish one, filed it as a Commission-approved supplier coordination tariff, 52 Pa. Code § 62.224(a)(10), and operated it for sixteen years as an integral part of the competitive market it was designed to support.

The distinction is not a technicality. Peoples was likewise never required to offer negotiated Rate SBS contracts, a hot water tank rebate pilot, or any number of discretionary programs elsewhere at issue in this case. That none of these programs is compelled by statute does not mean Peoples may administer them free of Section 1501’s reasonable service-and-facilities standard, Section 1502’s bar on discriminatory service, or the just-and-reasonable-rate requirements that attach to every tariffed offering. “Voluntary to establish” is not “unconstrained in operation,” and neither CAUSE-PA nor Peoples cites any authority for the proposition that a Commission-approved tariff loses the protection of Section 1502 merely because the utility was not required to file it in the first place.

Indeed, the Commission’s POR regulation undercuts the argument and requires that “a POR program shall be designed and implemented in accordance with §§ 62.141 and 62.142 (relating to standards of conduct)” precisely so that “an NGDC's affiliated suppliers do not receive an advantage over nonaffiliated suppliers.” 52 Pa. Code § 62.224(a)(9). The very regulation

CAUSE-PA and Peoples invoke as the source of POR's "optional" character is the regulation that embeds a nondiscrimination principle into the program's design. Having built their argument on Section 62.224, CAUSE-PA and Peoples cannot then read out of that same section the nondiscrimination requirement that governs how the program they concede is Commission-approved must actually operate. Nor does the regulation contemplate anything like the price limitations CAUSE-PA proposes; rather it speaks in terms of a supplier's election to participate at all, not a per-contract, price-conditioned bar administered by the utility on a case-by-case basis. 52 Pa. Code § 62.224(a)(2) ("An NGS electing to sell its receivables to an NGDC shall include its accounts receivables related to choice residential and small business basic services in the POR program" (emphasis added)) — an all-or-nothing election by the supplier, not a rolling, price-based determination by the utility.

B. Neither CAUSE-PA Nor Peoples Offer Any Evidence That POR Causes the Pricing They Criticize.

CAUSE-PA's Main Brief repackages the same point-in-time statistics addressed in RESA's Main Brief — now emphasizing that 95.8% of shopping customers pay more than the PTC, that average supplier pricing is 82% above the PTC, and that gross write-offs for shopping accounts are 484% (853% for low-income accounts) higher than for default-service accounts. CAUSE-PA MB at 103-06; Peoples MB at 144. None of these figures, however large they may appear, supplies the missing link in Mr. Cicero's theory: that supplier's price above the PTC because POR removes their incentive not to. RESA MB at 9-11.

If anything, the write-off comparison cuts against causation. Neither Mr. Cicero nor Mr. Kolich isolates the marginal effect of POR on any individual supplier's pricing decision, or shows that write-offs among shopping customers would fall if POR eligibility were withdrawn from above-PTC suppliers. Withdrawing POR does not make a marginal customer more creditworthy;

it only changes who bears the collection risk that customer already presented — the very risk CAUSE-PA and Peoples say drives the problem. RESA MB at 12-13. Nor is that risk within the supplier's control after the receivable is sold: it is Peoples, not the supplier, that performs collections and termination and that ultimately determines the write-off experience CAUSE-PA now blames on supplier pricing. RESA MB at 3-4, 9-10. And the one piece of non-aggregated evidence in this record moves the opposite direction: Peoples' own initial filing proposed to lower the POR discount rate from 2.20% to approximately 1.93% to reflect a system-wide reduction in uncollectible expense. RESA MB at 3-4, 9-10 (citing Peoples St. 21-R at 1, 12-13; RESA St. 1-SR at 4). An uncollectible rate that is falling, not rising, is difficult to square with a theory that POR is progressively insulating suppliers and fueling ever more aggressive pricing. Neither CAUSE-PA's nor Peoples' Main Brief engages with this inconsistency at all.

C. Recasting the Restriction as a Mere "Condition on Participation" Does Not Change the Fact That it Regulates Price.

Peoples contends that the proposal "would merely place a condition on participation in an optional program" and is "far removed" from price regulation. Peoples MB at 144-45. CAUSE-PA goes further, asserting that its proposal "is not price regulation or anticompetitive." CAUSE-PA MB at 107 (citing CAUSE-PA St. 1-SR at 56). Neither assertion survives the impact with the mechanics of the proposal. Under CAUSE-PA's recommendation, a supplier's eligibility for POR — and with it, upfront payment, consolidated billing, and Peoples' undertaking of collection risk on the supplier's behalf — turns entirely on whether the supplier's price is at or below the PTC at the time of contract initiation or renewal. CAUSE-PA MB at 105-06. A supplier priced above that line does not merely forgo a minor convenience; it faces the choice RESA's witness described: build independent billing and collection capacity at significant cost, remain on consolidated billing without POR while its cash flow deteriorates and Peoples has no stake in collecting receivables it no longer owns, or exit the customer relationship altogether. RESA MB at 12-13. That a supplier remains nominally "free" to charge whatever it likes, is true only in the sense that a driver is "free" to ignore a toll — the freedom is illusory once exercising it is made costly enough. A restriction that attaches a material economic penalty to pricing above a Commission-influenced benchmark is price regulation by its practical effect, whatever label is placed on the mechanism that delivers the penalty. See *Ronald Valentino v. Dominion Retail T/A Peoples Plus*, Docket No. C-20055447 (Final Order entered Jan. 17, 2006, slip op. at p.5)("The contract . . . for the supply of natural gas is a private contractual matter over which the Commission has no jurisdiction . . . the Commission does not regulate the prices of natural gas suppliers.")

The use of the PTC compounds the problem. Peoples' own PTC is not a market price; it is Peoples' own bundled default-service commodity rate, reset quarterly and solely reflective of Peoples' guaranteed-recovery gas costs, untethered to any given supplier's contract term or to the wholesale market conditions in effect when any customer contract was signed. RESA MB at 8. Tying POR eligibility to that figure does not create a market benchmark for supplier pricing; it lets one competitor in the retail market — Peoples itself — set, based on its own cost structure, the line above which its rivals must not price if they wish to retain continual and equal access to an essential billing service. RESA MB at 8-9. Neither CAUSE-PA nor Peoples identifies any provision of the Competition Act or the Code that authorizes the Commission, or an NGDC, to use one competitor's rate as a price ceiling for its competitors. See 66 Pa. C.S. § 2203(2) (guaranteeing customers a choice "including but not limited to different supply and pricing options"); 66 Pa. C.S. § 2204(a).

Peoples' contention disregards who actually loses the benefit of the customer's own choice. A customer who selected consolidated billing through a supplier whose price is now above the PTC did not choose to be shifted to direct supplier billing, and did not choose to be pushed back toward default service. "The supplier remains free to charge what it wants" is no answer to that customer, who is the party the Competition Act was written to protect and empower. 66 Pa. C.S. §§ 2203(2), 2204(a).

D. CAUSE-PA's Proposal is Overbroad and Not Tailored to the Alleged Harm.

CAUSE-PA's Main Brief closes by observing that a restriction on competitive practice is permissible only where there is (1) demonstrated harm, and (2) no reasonable alternative to the restriction. CAUSE-PA MB at 109 n.628 (citing *Retail Energy Supply Assoc. v. Pa. PUC*, No. 230 C.D. 2017 (Pa. Cmwlth. 2017)("*RESA*", citing *CAUSE-PA v. Pa. PUC*, 120 A.3d 1087, 1101-03 (Pa. Cmwlth. 2015)). RESA does not concede the first prong for the reasons stated above and in its Main Brief, but the second prong independently defeats the proposal even assuming the first away.

By CAUSE-PA's own figures, confirmed low-income customers account for $7.9 million of the $57.3 million in alleged aggregate cost difference identified for the January 2024-April 2026 period — roughly 14%. RESA MB at 10 (citing CAUSE-PA St. 1 at 86). Yet the restriction CAUSE-PA proposes, and Peoples adopts, would apply to every residential shopping customer in Peoples' territory without regard to income. RESA MB at 10-11. Neither witness considered, let alone showed to be inadequate, any alternative confined to the population actually said to be harmed. Tellingly, the very case CAUSE-PA cites for its legal standard involved a Commission rule tailored specifically to Customer Assistance Program participants — protecting that discrete population from early-termination and cancellation fees — rather than a market-wide restriction on supplier practice untethered to income or program status. *RESA*. A blanket, territory-wide eligibility restriction is not a reasonable fit for harm that even CAUSE-PA's own data concentrates in a narrow subset of the customer base, and the authority CAUSE-PA cites illustrates how much more narrowly the Commission has tailored relief in the past when it has found any restriction of competitive practice warranted at all.

E. The Proposal's Reach Into Existing Supplier-Customer Relationships Confirms It Is Not the Narrow, "Voluntary" Measure CAUSE-PA and Peoples Describe.

Suppliers structured multi-year, fixed-price contracts in reliance on a POR framework that has operated without material complaint or restructuring for nearly two decades. RESA MB at 11 (citing RESA St. 1-R at 3). Even accepting the "prospective" proposal CAUSE-PA offers — applying the price restriction only "at the time of contract initiation or renewal," CAUSE-PA MB at 105-06 — a supplier whose fixed price sits below the PTC today can find itself locked out of POR fifteen months into a twenty-four-month contract simply because Peoples' own quarterly-reset benchmark moved, through no change in the supplier's own price and no fault of the customer who chose that contract for its price certainty. RESA MB at 11-13. A rule that can silently convert a compliant, in-force contract into a non-renewable one based solely on the movement of the utility's own rate is not a stable eligibility standard suppliers can price around; it is a moving target that undermines the very contract certainty customers sought when they chose a fixed-price product. That whipsaw effect is difficult to reconcile with CAUSE-PA's and Peoples' characterization of the proposal as a modest, voluntary condition rather than a substantive constraint on how suppliers may structure the products the Competition Act guarantees customers the right to choose. 66 Pa. C.S. §§ 2203(2), 2204(a).

F. Peoples' Own Equivocation Confirms This Record Cannot Support Adoption Now.

Peoples does not so much adopt Mr. Cicero's recommendation as gesture at it. Its own witness concedes that Peoples "has not yet fully evaluated the level of effort or potential costs" of implementing the proposal because "the proposal does not specify how the Company would be expected to adopt it," and that no rules yet exist for entry into or exit from a POR pool or for customer communication. RESA MB at 13 (quoting Peoples St. No. 21-R at 5:12-18). Peoples' Main Brief goes further, suggesting that "retail market reforms such as the one suggested by CAUSE-PA in this case could be appropriate for a separate rulemaking or policy proceeding where all interested stakeholders can participate." Peoples MB at 145.

RESA agrees — and respectfully submits that Peoples has answered its own brief. A party that asks the Commission to restructure a sixteen-year-old, Commission-approved competitive market mechanism in a single-utility base rate case, while simultaneously acknowledging that the same change might belong in a generic rulemaking where the dozens of NGSs licensed to serve Peoples' territory could actually be heard, has conceded that the present record — built in one company's rate case, on the say-so of two witnesses — is not the vehicle for the relief requested. Whatever burden CAUSE-PA and Peoples bear as the proponents of a novel change to an established rate structure, RESA MB at 3-4 (citing 66 Pa. C.S. § 315(a); *Allegheny Center Assocs. v. Pa. PUC*, 570 A.2d 149, 153 (Pa. Cmwlth. 1990)), it is not discharged by an implementation plan that does not yet exist.

III. CONCLUSION

For the reasons set forth above and in RESA's Main Brief, the Commission should reject the CAUSE-PA/Peoples' proposal to condition POR eligibility on a supplier's unregulated retail price, in its entirety, and should approve Peoples' POR program without the restriction proposed.

Respectfully submitted,

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