



PHILADELPHIA GAS WORKS

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October 13, 2026

VIA ELECTRONIC FILING

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Rulemaking to Further Amend the Provisions of 52 Pa. Code Chapter 56,
Docket No. L-2025-3058767**

Dear Secretary Homsher:

Enclosed for electronic filing please find the reply comments of Philadelphia Gas Works to the comments filed in response to the Commission's February 19, 2026 Notice of Proposed Rulemaking Order at the above-referenced docket. Please feel free to contact me with any questions regarding this filing.

Sincerely,

Graciela Christlieb

Graciela Christlieb, Esquire

Enclosure

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Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code § 1.54 (Service by a party).

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Date: October 13, 2026

Graciela Christlieb
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Rulemaking to Further Amend the Provisions of :
52 Pa. Code Chapter 56 : Docket No. L-2025-3058767

**REPLY COMMENTS OF PHILADELPHIA GAS WORKS
TO COMMENTS ON THE FEBRUARY 19, 2026 NOTICE OF
PROPOSED RULEMAKING ORDER**

I. INTRODUCTION

Philadelphia Gas Works (“PGW”) submits these Reply Comments in response to comments filed in the Pennsylvania Public Utility Commission’s (“PUC” or “Commission”) February 19, 2026 Notice of Proposed Rulemaking Order (“NOPR Order”) and Annex at the above-captioned docket. The NOPR Order proposes to incorporate into 52 Pa. Code Chapter 56 provisions related to the former Chapter 14 of the Public Utility Code, 66 Pa.C.S. §§ 1401-1419, which expired on December 31, 2024.

PGW appreciates and understands the comments of other stakeholders in this proceeding regarding utility affordability. However, PGW contends that many of the commenters' proposals go far beyond the scope of the NOPR Order, rejecting almost all of the key elements of the Annex, while simultaneously introducing numerous new requirements that would impose additional costs on residential customers, which are already feeling the strain of high energy and other costs. PGW continues to support finalizing the regulations as originally proposed.

II. POSITIVE IMPACTS OF THE RESPONSIBLE UTILITY CUSTOMER PROTECTION ACT ON PHILADELPHIA GAS WORKS

Many commenters assert that Chapter 14 was ineffective because the “sole focus” of it was to reduce arrears and prevent customers capable of paying from avoiding their bills.¹ Commenters further claim that there was no “corresponding improvement in collections”.² Commenters reference a data point of approximately 400,000 Pennsylvania terminations in 2025 as evidence of Chapter 14’s supposed ineffectiveness. In no event are terminations a desirable outcome of any statute or regulation. However, the assertions made by these commenters are inaccurate.

As evidenced below, PGW’s collections metrics, along with arrears of its customers, have improved since the advent of Chapter 14 over 20 years ago. The positive trends continued throughout the decades with Chapter 14, and the PUC’s related regulatory requirements, in place.³

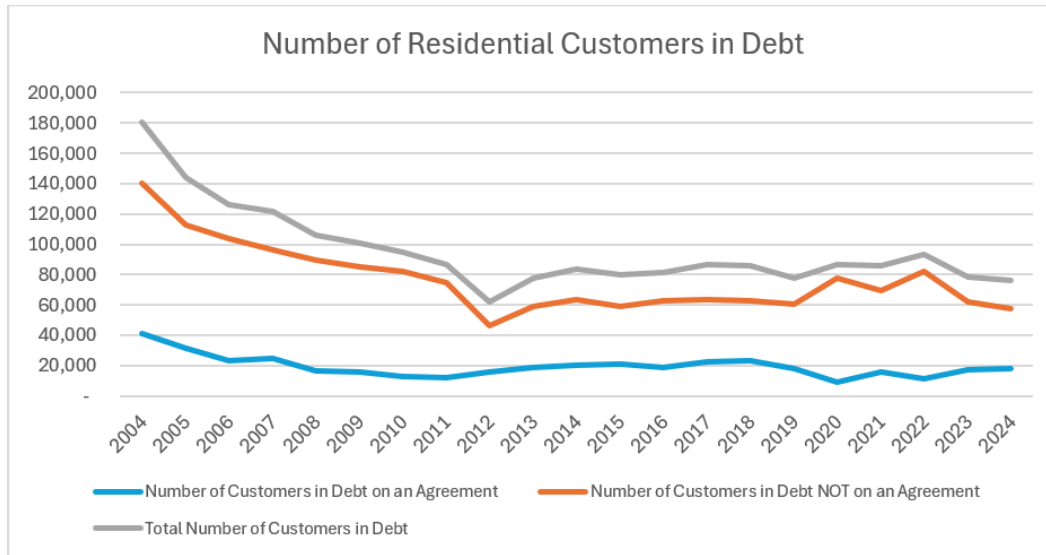
Number of Residential Customers in Debt

Since 2004, the total number of customers in debt for PGW has decreased from approximately 181,000 to 76,000 in 2024. Please note that PGW’s residential customer base has stayed relatively flat during this same time frame from approximately 477,000 in 2004 to 481,000 in 2024.

¹ Governor’s Office Comments, pp. 1-2; Low Income Advocates Comments, pp. 15-20; OCA Comments, pp. 19-20; and Joint Commenters for Utility Access Comments, pp. 1-2.

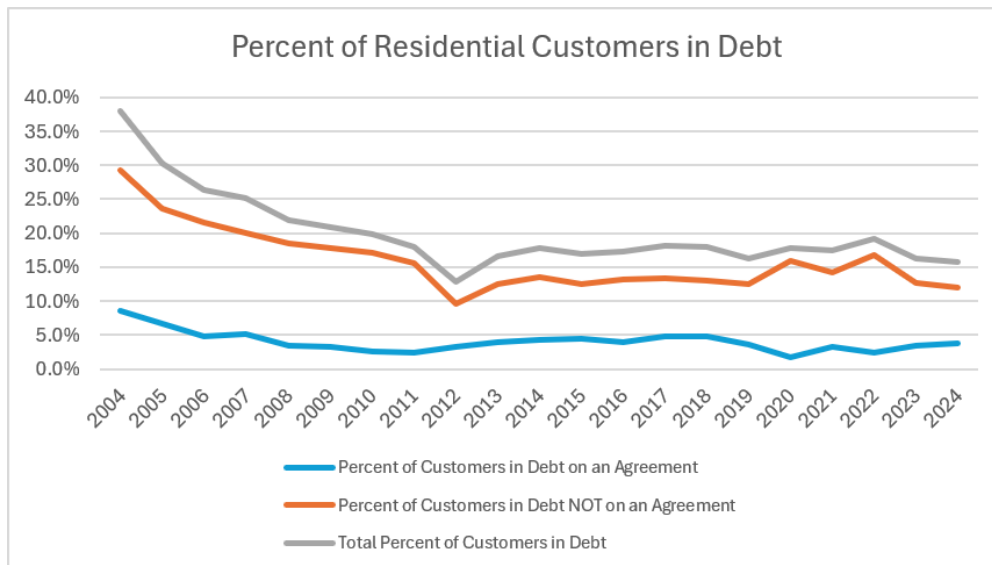
² Low Income Advocates Comments, pp. 15-20 and Joint Commenters for Utility Access Comments, pp. 1-2.

³ PUC’s Bureau of Consumer Services “Universal Service Programs and Collections Performance Reports” from 2004 through 2024.



Percent of Residential Customers in Debt

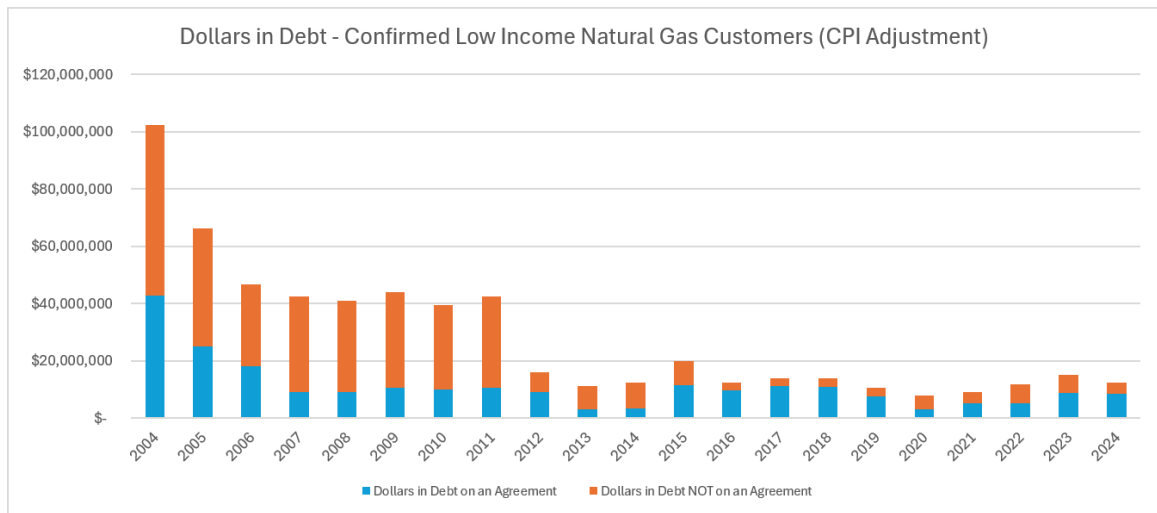
Since 2004, the total percent of customers in debt for PGW has decreased from 38% to 16% in 2024. Further, the percent of customers *not on an agreement* decreased from 29% to 12%.



Confirmed Low-Income PGW Customer Debt

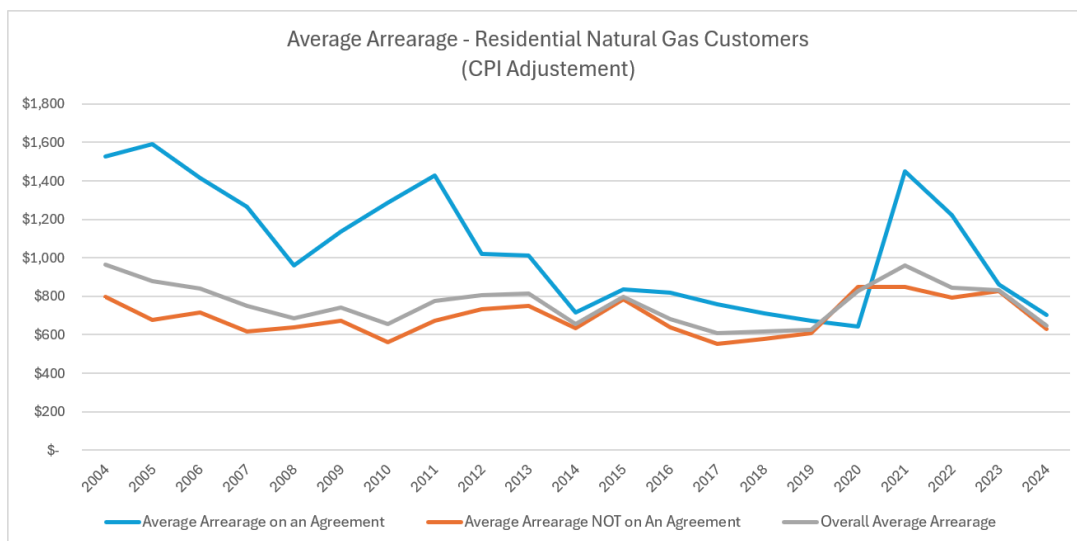
Since 2004, the total dollars in debt of confirmed low-income customers has decreased from approximately \$61.6 million down to \$12.3 million in 2024. **When adjusting for inflation**

to 2024 dollars⁴, this is the equivalent of reducing dollars in debt from \$98.5 million to \$12.3 million – the equivalent of over \$85 million dollars.



Residential Customer Average Arrears

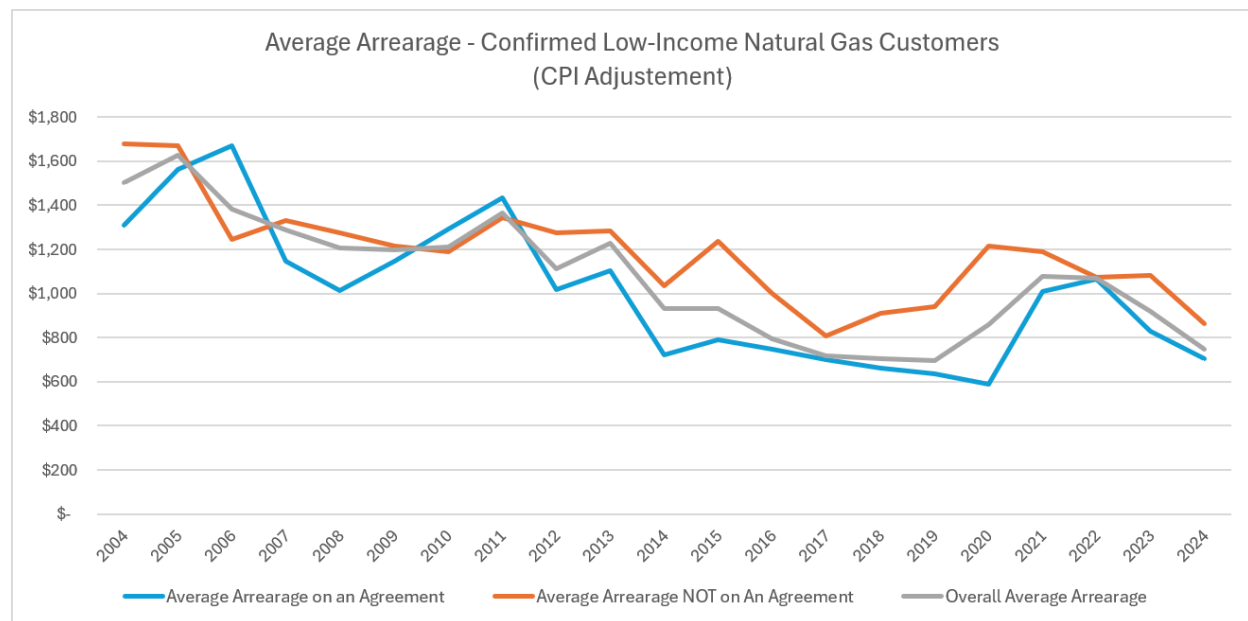
Since 2004, the overall average arrears for residential customers for PGW, on a 2024 dollar inflation-adjusted basis, has decreased from approximately \$963 to \$646 per residential customer.



⁴ Consumer Price Index for All Urban Consumers (CPI-U); Philadelphia-Camden-Wilmington, PA-NJ-DE-MD.

Confirmed Low Income Customer Average Arrears

Since 2004, the overall average arrears for confirmed low-income customers for PGW, on a 2024 dollar inflation-adjusted basis, has decreased from approximately \$1,502 to \$746 per residential customer.



Many of the other commenters' proposals – which, as detailed above, are based on incorrect claims that Chapter 14 and PUC regulation has been ineffective – will immediately lead to greater uncollectable balances and bad debt.

III. MAINTAIN PGW-SPECIFIC PROVISIONS

Many of the commenters have argued, in their respective comments, that the Commission remove the PGW-specific provisions in this rulemaking such as: the residential field visit charge, additional deposit rules, additions with respect to winter termination procedure requirements, and additional CAP enrollment requirements for PGW customers seeking service restoration.

The commenters suggest that PGW's financial condition does not require these collection tools. While the finances of PGW at this time are healthy, due in part to the protection that the former

Chapter 14 has provided, PGW stresses that many if not all of the changes to Chapter 56 advocated for in this proceeding by various commenters will produce strongly negative financial impacts on PGW and its ratepayers. Such changes would require PGW to use alternative collection tools at its disposal. Thus, PGW urges the Commission to maintain the PGW specific provisions and not remove them at this time.

IV. PUBLIC UTILITY DUTIES

PGW agrees with the comments that utilities should make every effort to ensure that customers are aware of the assistance programs available. During PGW's application process/collections calls we request the customer's most recent household size and income. This oral information is used to waive deposits, make referrals to CRP, and provide information on available grants. This is in addition to outreach performed via outbound calls, bill messages/inserts, advertisements, and targeted mailings.

V. EXPANSION OF UNIVERSAL SERVICE TO HIGHER INCOME CUSTOMERS

Numerous commenters propose regulatory revisions that extend what is essentially Universal Services to customers with household income above 150% Federal Poverty Level (FPL or FPIL (Federal Poverty Income Guidelines)) up to 300% FPL ("New Universal Service Customers"). In conflict with these proposed revisions, Pennsylvania law currently extends Universal Service to low-income customers, and certain other customers with temporary emergencies.⁵ Further, current PUC Low Income Usage Reduction Program regulations (a Universal Service) define eligible

⁵ **"Universal service and energy conservation."** Policies, practices and services that help residential low-income retail gas customers and other residential retail gas customers experiencing temporary emergencies, as defined by the commission, to maintain natural gas supply and distribution services. The term includes retail gas customer assistance programs, termination of service protections and consumer protection policies and services that help residential low-income customers and other residential customers experiencing temporary emergencies to reduce or manage energy consumption in a cost-effective manner, such as the low-income usage reduction programs and consumer education. 66 Pa.C.S.A § 2202.

customers as low-income customers whose “annual gross household income is at or below 150% of the FPIG.”⁶ Additionally, the Policy Statement on Customer Assistance Programs defines eligible customers as those with “annual gross household income...at or below 150% of the FPIG.”⁷ Regardless of current statutory and regulatory clarity regarding eligibility for Universal Service, commenters request that utilities be required to provide currently ineligible New Universal Service Customers with benefits such as:

- no late payment charges;
- no reconnection fees;
- no deposits;
- payment agreement amounts that do not exceed 20% of the average monthly bill;
- arrearage forgiveness;
- a “medical” customer assistance program (CAP); and
- no summer/winter terminations.⁸

In addition to providing no legal support for the extension of Universal Service regulatory mandates to ineligible customers, the commenters provide no quantification of the expected cost to other ratepayers for such extension of benefits.

While PGW is mindful of the current significant financial stressors on consumers, PGW ratepayers already pay considerable universal service costs annually, in order to assist low-income⁹ customers in need. In PGW’s most recent fiscal year, PGW ratepayers were charged **~\$93,869,000**

⁶ 52 Pa.Code § 58.2.

⁷ 52 Pa.Code § 69.262.

⁸ Currently, PGW does not charge late payment fees or deposits to customer assistance program (“CAP”) customers; CAP customers receive arrearage forgiveness and a fixed monthly bill based on income; and CAP customers are not terminated in winter without prior PUC authorization.

⁹ As utilized herein, low income means at or below 150% FPL.

in total Universal Service & Energy Conservation surcharge costs to assist such customers. For PGW, it is essential to ensure that its universal services are robust, given that ~27% of its customer base is comprised of low-income customers. However, PGW also has a significant number of customers who would receive the new proposed benefits, since ~34% (162,000) of PGW's customers would be New Universal Service Customers. As an example of some of the costs of this expansion, if New Universal Service Customers were provided with the average:

- annual forgiveness provided in PGW's CAP (\$189/year), the estimated annual cost would be \$30.7 million/year;
- reconnection fee (one-time average \$123.23) waived, the estimated annual cost would be \$0.3 million/year (for one reconnection a year); and
- CAP benefit (\$1,112/year) for every customer with a medical certificate in 2025, the estimated annual cost would be \$9.6 million/year.

Just for the three items reviewed above, the increase to universal service costs would be ~\$41 million/year. Given the costs PGW customers already pay to support customers in need, they should not be mandated to pay such additional costs for currently ineligible customers, particularly when so many of these costs are directly related to a repeated failure to pay gas bills.

While PGW supports efforts to assist customers with a household income that is close to, or relatively close to, low-income, such costs are not currently legislatively mandated to be paid by other utility ratepayers - as a surcharge, tax, or otherwise. These costs were not included in the scope of Chapter 14, there has been no evidentiary proceeding finding that such ratepayer obligations are justified, and there is no quantification of the cost of this momentous expansion of Universal Service across Pennsylvania. With approximately 1.3 million New Universal Service Customers in Pennsylvania (i.e. household income above 150% FPL up to 300% FPL), based on

census data, this docket is not the appropriate regulatory proceeding, and the PUC is not the appropriate forum for, the imposition of New Universal Service Customer costs on other utility ratepayers. For PGW ratepayers, who already bear sizeable Universal Service charges, such an imposition would have unfair and significant financial impacts.

VI. EXPANSION OF PROTECTIONS TO SMALL BUSINESS CUSTOMERS

The OSBA's comments propose extending several Chapter 56 protections to small commercial businesses with 250 or fewer employees, as well as revising the Annex provisions to include these businesses.

PGW is aware of the current financial strain on small businesses and endeavors to work cooperatively with commercial customers experiencing financial hardship. In fact, pursuant to a recent rate case settlement, PGW currently offers its small business customers (as defined in its Tariff) with a payment agreement. Nevertheless, Chapter 56 establishes "Standards and Billing Practices for Residential Public Utility Service"; the protections contained therein were specifically developed for residential households and are premised upon the residential nature of the utility service. Extending Chapter 56's protections to non-residential customers would therefore constitute a substantial expansion of the chapter's scope and implicate a number of distinct issues that are not addressed in the OSBA's comments, including the magnitude of commercial arrearages, the potential allocation of resulting costs among other customer classes, and the interplay between the proposed protections and existing non-residential tariff provisions that cover the same ground. Some proposals, including seasonal termination moratoria and medical-certificate protections for commercial accounts, would represent a significant departure from existing law and appear to have no established precedent. Likewise, the proposed account-

level reporting requirements could necessitate substantial investments in new data systems and reporting infrastructure.

For these reasons, the proposals advanced by OSBA should not be considered within the scope of this proceeding.

VII. CHANGE IN CIRCUMSTANCE

PGW disagrees with the parties that suggest that the Commission modify the eligibility requirements for how Change In Circumstance (CIC) and Significant Change In Circumstance (SCIS) are defined. With respect to a CIC, it has been proposed that the percentages be reduced from 10 and 20 percent to 5 and 10 percent, respectively.¹⁰ As a preliminary concern, this change could result in continuous avoidance of payment and entering into new agreements based solely on factors that may be attributed to normal variations in income such as seasonality, overtime, etc. rather than an actual change in circumstances. As an alternative, the Commission may want to consider modifying the language to align with a change in the customer's federal poverty level instead of a set percentage. A modification based on a change in the customer's poverty level more likely speaks to an actual change in the customer's circumstances.

PGW opposes the comments suggesting a CIC should constitute a new agreement if the household income increases.¹¹ An increase in someone's household income is not a hardship. For instance, as proposed, this change would grant a household making \$150,000 annually with the opportunity to enter into a new payment agreement on their debt if their income was to increase by 10%, to \$165,000 annually. PGW disagrees with this proposed outcome as, similar to above,

¹⁰ Low Income Advocates Comments, p. 30.

¹¹ Low Income Advocates Comments, p. 31.

it fails to protect timely paying customers and provides opportunities for customers capable of paying their utility service from doing so timely.

PGW currently provides its customers with the ability to reinstate prior defaulted agreements, including commission issued agreements, and the reinstatement is not counted towards their number of agreements.

VIII. PAYMENT ARRANGEMENTS

PGW supports the Commission's proposed new addition of Section 56.182 and the incorporation of Section 1405 outlining the regulations pertaining to payment disputes and Commission-issued payment arrangements without modification.

Cap on monthly amount

PGW respectfully disagrees with the recommended changes suggested by parties such as the Low-Income Advocates, Joint Commenters for Utility Access, and the Governor's Office with respect to the introduction of a payment agreement monthly cap amount. These changes, if accepted, would remove all structure from Commission-issued payment arrangements and present an opportunity for customers capable of paying to avoid timely payment of their utility bills. Furthermore, it will have a negative impact on the age of a customer's debt and the collectability of the arrears; for many customers, this change will result in aging some of their debt beyond a date on which it could be collected.

For illustrative purposes, we use a customer whose income is between 250-300% of the Federal Poverty Line with a typical residential bill of \$112/month and \$1,000 of arrears. Under the existing payment arrangement term lengths, they would have 12 months to pay this debt at \$83.33/month plus their current monthly bills. If their payment agreement amount was capped at

20% of their average bill and extended to 24 months, they would only have paid \$537.60 (\$22.35 monthly cap x 24 months) of the \$1,000 of arrears by the end of the payment agreement term. This would leave \$462.40 of stranded arrears that would have to be paid for, assumedly by other ratepayers.

This payment agreement cap proposal is presented by the commenters without any evaluation of the financial impact across Pennsylvania. Further, it eliminates the ability for customers and utilities to manage arrears. The long-term negative financial effects will be borne by PGW customers.

Forgiveness on Payment Arrangements

PGW opposes the proposal to implement arrearage forgiveness for payment agreements.¹² This approach mimics the arrearage forgiveness provided for CAP participants. This proposed change would have a negative impact on payment behavior; it would be more beneficial for a customer to enter into an agreement and pay only a portion of their debt while the forgiven debt is imposed on other ratepayers. This proposal essentially rewards delinquency and penalizes other customers.

PGW urges the Commission to fully examine the impact of these suggested changes and consider the goal of protecting customers against rate increases due to the delinquency of others. To the extent that Commission chooses to adopt any of these proposals, consideration must be given to the cost necessary and recovery needed to implement such changes.

¹² Governor's Office Comments, p. 6.

PGW Proposal for en banc hearings related to Payment Arrangements

PGW has identified that approximately 91% of PUC and 88% of company payment arrangements have been broken between 2022 and 2026. PGW proposes that the Commission consider a working group or en banc hearings to discuss possible changes to payment arrangements. The proposals made by some of the commenters have been made without analytical support and have the potential for wide ranging ramifications and costs to ratepayers, with no evidence of how beneficial they would actually be for agreement recipients. If the Commission finds that there should be changes in this area, it would be prudent to convene stakeholders and experts to find the right solution, as opposed a solution that sounds good on paper but has no objective analytical support.

IX. RECONNECTION FEES AND LATE PAYMENT CHARGES

PGW supports the Commission's inclusion of language from Section 1409 pertaining to the removal of any late payment charges ("LPCs") that were improperly assessed by a utility. While most commentors do not oppose the Commission's addition of this language, multiple commenters suggest that the Commission expand the language to prohibit LPCs for all customers at or below 300% of the federal poverty level.¹³ PGW strongly urges the Commission to reject these proposals as they go far beyond the scope of Chapter 14 and attempts to reexamine Chapter 56. The intent of LPCs is to encourage positive payment behavior and to discourage chronic lateness, and to ensure that paying customers do not have to pay for the debt carrying costs imposed by non-paying customers. PGW of course agrees that a fee should be waived in instances where it was determined that the charge was imposed on an account in error. Additionally, PGW submits that existing

¹³ Center for Coalfield Justice Comments, p. 3; HELP Comments, p. 9; Governor's Office Comments, pp. 5-6; Low Income Advocates Comments, pp. 38-39; Joint Commenters for Utility Access Comments, p. 3; and Vice Chair Barrow Statement, p. 5.

regulations, along with company practices, already provide safeguards for customers to avoid being charged an LPC. For instance, 52 Pa. Code § 56.21 prohibits utilities from charging LPCs until five days after the bill due date. For customers who are assessed these fees, PGW representatives are trained to waive up to two LPCs for customers with a good payment history per year upon the customer's request. Furthermore, PGW suspends imposing LPCs for customers who are enrolled in one of the company's payment programs such as our Customer Responsibility Program ("CRP"), budget billing plan, or other payment arrangement. During enrollment in any of these agreements, customers are not charged an LPC even in instances of a late/missed payment. Finally, the cost of this change across Pennsylvania – which is expected to be large - has not been calculated by any party proposing it.

Removal of Reconnection Fees

In addition to addressing the language proposed by the Commission, there are multiple commentors who deviated from the suggested language to include proposals to prohibit reconnection fees for certain income levels and an overall ban of these fees during the winter moratorium.¹⁴ PGW uses termination as a last resort. Unlike most of the Commonwealth, approximately 98% of PGW's meters are indoors, which results in termination not always being an immediate viable option. Additionally, even with the implementation of safety enhanced meters, PGW cannot reconnect service remotely. It is also worth noting that termination and reconnection can be quite costly. If PGW is required to dig up the sidewalk to terminate service, the cost is almost \$2,300 for plastic service and \$4,200 for steel service – regardless PGW charges

¹⁴ OCA Comments, p.91; Governor's Office Comments, p. 5; Consumer Advisory Council Comments, pp. 5-6; Low Income Advocates Comments, pp. 59-61; Joint Commenters for Utility Access Comments, p. 3; and Vice Chair Barrow Statement, p. 2.

the customer only \$372. Finally, the cost of this change across Pennsylvania – which are expected to be large - has not been calculated by any party proposing it.

X. TERMINATION NOTICE REQUIREMENTS

Numerous commenters argue that current PUC termination notice requirements are lacking.¹⁵ For example, there are arguments that PUC termination notice requirements: (i) provide a notice period that is too short; (ii) provide notices that are not informative enough; (iii) should include additional hand-delivered notice requirements; and (iv) and should provide notices in five (5) languages. While PGW strongly supports providing customers with clear, timely, and accessible termination notices, some of the proposed requirements are unnecessary or duplicative and most are expected to have significant customer cost impacts.

Currently, the regulated termination notices used by PGW have been reviewed and approved by the PUC's Bureau of Consumer Services. The initial 10-day notice is sent by mail, with additional subsequent notices by phone or hand delivery. The final termination notice is delivered by hand delivery with the termination. These notices make it clear that it is essential that customers contact PGW upon receipt of a notice to ensure that PGW informs them of all available assistance, including CAP, payment agreements, and LIHEAP availability. Further, PGW's call center provides language interpretation assistance in ~430 languages, and its website can be translated by the click of a button on-line by the customer into ~60 languages.

¹⁵ Low Income Advocates Comments, pp. 77-78; Governor's Office Comments, p. 8; and Consumer Advisory Council Comments, pp. 10-11.

None of the commenters of these new proposals estimate the cost of their proposals across Pennsylvania. For PGW, which is a cash flow ratemaking entity, its customers will pay all related costs. Below PGW provides preliminary estimates of just a few of the related costs, where feasible:

- **Notice timing and delivery:** Changes to the termination notice period or requirements to use multiple delivery methods, such as first-class mail and email, may require system and process changes that could be costly and may not be feasible if PGW's vendor cannot support the additional requirements.
- **Language access:** PGW submits that instead of printing all notices in 5-part copies, which it estimates to cost \$11,000 in paper costs, plus the currently unknown costs related to finding and moving to a bill print vendor that could accommodate this change, the notices be made available online so that the customer could use the website translation to translate the notice into up to 60 languages.
- **Actual contact:** PGW estimates the cost of providing an additional year-round 48-hour notice would be approximately \$1.4 million.
- **Plain language and notice content:** PGW's termination notices already include the amount needed to avoid termination and all available protections, as approved by BCS. Any additional program information would need to be reviewed based on available space and system capabilities to provide a cost estimate.

PGW submits that before adopting costly new notice requirements the Commission provides an opportunity for the utilities to present the related costs, considering any associated vendor limitations, technology changes, staffing requirements, implementation timelines, and incremental costs.

XI. CONCLUSION

PGW appreciates the opportunity to make these comments and looks forward to continuing to work with the Commission and its staff on these important issues.

Respectfully submitted,

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Date: October 13, 2026