



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

October 22, 2026

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission v.
Peoples Natural Gas Company, LLC
Docket No. R-2026-3060855
I&E Replies to Exceptions

Dear Secretary Homsher:

Enclosed for electronic filing please find the Bureau of Investigation and Enforcement's Replies to Exceptions in the above-captioned proceeding.

Copies are being served on parties per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in grey ink that reads 'Michael Podskoch'.

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MAP/nb
Enclosures

cc: Administrative Law Judge Charece Z. Collins (via email – charcollin@pa.gov)
Office of Special Assistants (via email – ra-OSA@pa.gov)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**THE BUREAU OF INVESTIGATION AND ENFORCEMENT
REPLIES TO EXCEPTIONS**

Michael A. Podskoch, Jr.
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Harrisburg, PA 17120

Dated: October 22, 2026

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I. INTRODUCTION

Pursuant to 66 Pa. C.S. § 332(h) of the Public Utility Code and 52 Pa. Code § 5.533 of the Public Utility Commission regulations, the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits these Replies to Exceptions filed by Peoples Natural Gas Company LLC (“Peoples” or “Company”) and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) to the Recommended Decision (“RD”) of Administrative Law Judge (“ALJ”) Charece Z. Collins issued on October 2, 2026.

II. I&E REPLIES TO EXCEPTIONS OF PEOPLES AND CAUSE-PA

A. I&E Reply to Peoples Exception No. 2: RD, pp. 283-84. Peoples Exceptions, pp. 9-11. The ALJ’s alternative recommendation to modify the Weather Normalization Adjustment (“WNA”) is proper.

In its Exceptions, Peoples argues that the ALJ erred in her alternative recommendation to modify the WNA if the Commission should permit Peoples’ WNA to continue.¹ Specifically, Peoples attacks the ALJ’s reliance on the 2025 Columbia Gas of Pennsylvania, Inc. (“Columbia Gas”) base rate case in recommending that the Company’s deadband should be increased from 3% to 5% by arguing that this case and 2025 Columbia Gas case are distinguishable.²

¹ Peoples Exceptions, p. 9.

² *Id.* at pp. 9-10.

If the Commission allows Peoples' WNA to continue, I&E continues to recommend that its deadband be increased from 3% to 5%. The Commission stated in the 2025 Columbia Gas base rate case that this percentage more adequately captures what could be considered normal weather fluctuations in Pennsylvania and places more of the burden for weather variation back on the Company as a normal part of doing business.³ I&E argues that the ALJ correctly relied on the 2025 Columbia Gas case in making her alternative WNA recommendation. Therefore, the Commission should reject Peoples Exception No. 2.

B. I&E Reply to Peoples Exception No. 3: RD, pp. 51-52. Peoples Exceptions, pp. 11-12. The ALJ properly recommended that Peoples use a 10-year average as opposed to Peoples' proposed 65-year regression analysis for establishing Heating Degree Days ("HDDs").

In its Exceptions, Peoples argues that the ALJ erred in recommending that the Company should use a 10-year average period to establish normal HDDs as recommended by I&E rather than adopting the Company's proposed 65-year regression analysis.⁴

I&E continues to recommend that Peoples use a 10-year period to establish normal HDDs. I&E's recommendation was based on the Commission's determination in the 2025 Columbia Gas base rate case that "[u]sing a twenty-year cycle rather than a ten-year cycle appears to result in an 'historical bias' that diminishes the effect of the claimed recent trends and results in providing revenue to the Company when instead, customer

³ I&E St. No. 3-SR, p. 7 (*citing Pa. P.U.C. v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2025-3053499, pp. 301-02 (Order Entered December 9, 2025)).

⁴ Peoples Exceptions, p. 11.

should be realizing savings.”⁵ Extending the 20-year average analysis to a 65-year regression is not consistent with Commission precedent. Therefore, the Commission should reject Peoples Exception No. 3.

C. I&E Reply to Peoples Exception No. 5: RD, pp. 54, 57. Peoples Exceptions, pp. 13-14. The ALJ properly rejected Peoples’ proposed average annual increase adjustments.

In its Exceptions, Peoples argues that the ALJ erred in rejecting the Company’s proposed adjustments to account for cost increases for the following expense categories: Outside Services– Contracted, Outside Services – IT, Outside Services – A&G, Corporate Insurance, Travel, Memberships, Licenses & Permits, Utilities & Fuel, Fleet, Materials & Supplies, and PUC Assessment.⁶

I&E continues to recommend that these proposed increases be rejected as they are speculative and do not meet the standard of known and measurable.⁷ I&E argues that the ALJ correctly found that the record lacks clearly identifiable evidence to support the increases as proposed by Peoples and thus the recommended adjustment in the amount of \$6,514,263 is warranted. Therefore, the Commission should reject Peoples Exception No. 5.

⁵ I&E St. No. 3-SR, p. 14 (*citing Pa. P.U.C. v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2025-3053499, pp. 301-02 (Order Entered December 9, 2025)).

⁶ Peoples Exceptions, p. 13.

⁷ I&E St. No. 1-SR, pp. 4-5.

D. I&E Reply to Peoples Exception No. 6: RD, pp. 64, 72, 146. Peoples Exceptions, pp. 14-15. The ALJ properly adopted I&E's recommended adjustments to Peoples' labor/vacancy, employee benefits, and payroll expense claims.

In its Exceptions, Peoples argues that the ALJ erred in recommending that the Commission adopt I&E's proposed reduction of \$3,013,545 to the Company's claim for labor expense and a resulting reduction of \$4,250,657 to rate base, a corresponding reduction of \$869,594 to employee benefits expense and \$1,100,335 reduction to rate base, as well as a reduction of \$369,743 to the Company's payroll tax expense and a reduction of \$446,296 to the Company's capitalized payroll taxes.⁸

I&E continues to recommend that the Commission adopt I&E's above-referenced adjustments to the Company's claims. Substantial record evidence exists indicating that it is unlikely that Peoples will remain fully staffed at all times and that the Company's 0.54% vacancy rate adjustment did not match the Company's historical vacancy levels.⁹ I&E argues that the ALJ correctly found that the record did not support Peoples' full labor/vacancy, employee benefits, and payroll expense claims. Therefore, the Commission should reject Peoples Exception No. 6.

⁸ Peoples Exceptions, p. 14.

⁹ I&E St. No. 1-SR, pp. 18-19.

E. I&E Reply to Peoples Exception No. 7: RD, p. 61. Peoples Exceptions, pp. 15-18. The ALJ properly adopted I&E's recommended adjustment to Peoples' advertising expense claim.

In its Exceptions, Peoples argues that the ALJ erred in reducing Peoples' claim for advertising expense by \$1,198,286 for a total allowance of \$259,746 as recommended by I&E.¹⁰

I&E continues to recommend that the Commission adopt I&E's above-referenced adjustment to the Company's advertising expense claim. The record does not contain substantial evidence indicating that Peoples' claims relating to sponsorships and sports partnerships advertisement programs directly benefit ratepayers or meet any of the other criteria enumerated in 66 Pa. C.S. § 1316(a).¹¹

I&E argues that the ALJ correctly found that the record did not support Peoples' full advertising expense claim. Therefore, the Commission should reject Peoples Exception No. 7.

F. I&E Reply to Peoples Exception No. 8: RD, p. 99. Peoples Exceptions, pp. 18-20. The ALJ properly recommended that Peoples' rate case expense be normalized over a 56-month period.

In its Exceptions, Peoples argues that the ALJ erred in recommending that the Commission adopt I&E's recommendation to normalize the Company's rate case expense claim over a 56-month period.¹²

¹⁰ Peoples Exceptions, p. 15.

¹¹ See 66 Pa. C.S. § 1316(a).

¹² Peoples Exceptions, p. 18.

I&E continues to recommend that the Commission normalize the Company's rate case expense claim over a 56-month period. As seen in the 2025 Columbia Gas base rate case, the Commission has consistently used the utility's historic average filing frequency rather than the utility's requested period when determining the appropriate rate case normalization period.¹³ The record contains substantial evidence indicating that the Company's proposed rate case expense normalization period of 24 months is speculative and is not supported by the historic filing frequency.

I&E argues that the ALJ correctly found that the record did not support Peoples' 24-month normalization period. Therefore, the Commission should reject Peoples' Exception No. 8.

G. I&E Reply to Exception No. 9: RD, p. 102. Peoples Exceptions, pp. 20-21. The ALJ properly adopted I&E's alternative proposal to Peoples' pension expense claim.

In its Exceptions, Peoples argues that the ALJ erred in limiting the Company's claim for pension expense to a three-year average, reducing the Company's claim by \$835,288.¹⁴

In her testimony, I&E witness Vanessa Okum's primary position was that the entire pension expense claim be denied while her alternate position was that the Commission only allow a three-year average of net cash contributions.¹⁵ The ALJ reasoned that I&E's alternative three-year average proposal was a reasonable middle

¹³ I&E St. No. 1, p. 58 (*citing Pa. P.U.C. v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2025-3053499, p. 138 (Order Entered December 9, 2025)).

¹⁴ Peoples Exceptions, p. 20.

¹⁵ I&E St. No. 1-SR, p. 21.

ground between I&E's primary position and the Company's position. While I&E continues to assert that Peoples may not have to make a pension contribution in 2026 or 2027, I&E agrees that the ALJ's recommendation is a reasonable middle ground.

I&E continues to recommend that the Commission adopt either I&E's primary position or I&E's above-referenced alternative proposal to the Company's pension expense claim.

I&E argues that the ALJ correctly found that the record did not support Peoples' full pension expense claim. Therefore, the Commission should reject Peoples Exception No. 9.

H. I&E Replies to Peoples Exception No. 18 and CAUSE-PA Exception No. 5: RD, pp. 306-07. Peoples Exceptions, pp. 32-33. CAUSE-PA Exceptions, pp. 21-22. The ALJ properly recommended an increase of 75 Low-Income Usage Reduction Program ("LIURP") customers without an increase to Peoples' LIURP budget.

In their Exceptions, Peoples and CAUSE-PA argue that the ALJ erred in adopting the Pennsylvania Weatherization Providers Task Force, Inc.'s ("PWPTF") recommendation that Peoples be required to serve an additional 75 households but also recommended that the Commission not grant Peoples an increase to its annual LIURP budget by \$975,000 as recommended by the PWPTF.¹⁶

I&E continues to not oppose the increase of 75 LIURP customers but also continues to recommend no increase to the Company's LIURP budget. Substantial record evidence exists indicating that the cost of additional LIURP jobs would be less than the Company's minimum annual LIURP budget, and that the Company has not spent

¹⁶ Peoples Exceptions, pp. 32-33; CAUSE-PA Exceptions, pp. 21-22.

its full LIURP budget for the past two years.¹⁷ I&E argues that the ALJ correctly found that additional LIURP funding is not necessary. Therefore, the Commission should reject Peoples Exception No. 18 and CAUSE-PA Exception No. 5.

III. CONCLUSION

Wherefore, for all the foregoing reasons, the Bureau of Investigation and Enforcement respectfully requests that the Recommended Decision of Administrative Law Judge Charece Z. Collins, issued on October 2, 2026, be modified pursuant to the I&E Exceptions and the I&E Replies to Exceptions set forth above.

Respectfully submitted,

A handwritten signature in dark ink that reads "Michael Podskoch". The signature is written in a cursive, slightly slanted style.

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Dated: October 22, 2026

¹⁷ I&E St. No. 1-R, pp. 3-4.

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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Replies to Exceptions** dated
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