



October 22, 2026

Via Email Only

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**

Dear Secretary Homsher:

Please find the attached copy of the **Reply Exceptions of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** in the above noted proceeding.

As indicated on the attached Certificate of Service, service on the parties was accomplished by email only.

Respectfully Submitted,

A handwritten signature in blue ink that reads "John W. Sweet".

John W. Sweet, Esq.
Counsel for CAUSE-PA

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

BEFORE THE 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 have this day served copies of the **Reply Exceptions of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54.

Via Email

Meagan Moore, Esq.
PNG Company LLC
375 North Shore Drive, 4th Floor
Pittsburgh, PA 15212
meagan.moore@peoples-gas.com

Michael Podskoch, Esq.
PA Public Utility Commission
400 North Street
Harrisburg, PA 17120
mpodskoch@pa.gov

Joel H. Cheskis, Esq.
Jacob Guthrie, Esq.
Ryan Morden, Esq.
Olivia M. Spergel, Esq.
Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101
OCAPeoplesBRC2026@paoca.org

Steven C. Gray, Esq.
Office of Small Business Advocate
555 Walnut Street, 1st Floor, Forum Place
Harrisburg, PA 17101
sgray@pa.gov

Anthony D. Kanagy, Esq.
Hayley E. Wilburn, Esq.
Michael W. Gang, Esq.
Lindsay A. Berkstresser, Esq.
Post & Schell PC
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
akanagy@postschell.com
hwilburn@postschell.com
mgang@postschell.com
lberkstresser@postschell.com

Joseph L. Vullo, Esq.
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
jlvullo@bvrrlaw.com

Todd M. Pappasergi, Esq.
Pennsylvania Independent Oil & Gas Association
100 Allegheny Drive, Suite 104
Warrendale, PA 15086
todd@pioga.org

Todd S. Stewart, Esq.
HMS Legal LLP
501 Corporate Circle, Suite 302
Harrisburg, PA 17110
tsstewart@hmslegal.com

Respectfully Submitted,
PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA

A handwritten signature in blue ink that reads "John Sweet". The signature is stylized, with the first name "John" written above the last name "Sweet", which is written in a cursive-like script.

John W. Sweet, Esq., PA ID: 320182
118 Locust Street
Harrisburg, PA 17101
717-710-3839

October 22, 2026

pulp@pautilitylawproject.org

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

**REPLY EXCEPTIONS OF
THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY
EFFICIENCY IN PENNSYLVANIA**

Counsel for CAUSE-PA

John W. Sweet, Esq., PA ID: 320182
Ria M. Pereira, Esq., PA ID: 316771
Elizabeth R. Marx, Esq., PA ID: 309014
Lauren N. Berman, Esq., PA ID: 310116
Levi A. Phillips, Esq., PA ID: 338477
PENNSYLVANIA UTILITY LAW PROJECT
118 Locust Street
Harrisburg, PA 17101
Tel.: 717-710-3825
pulp@pautilitylawproject.org

October 22, 2026

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	REPLY EXCEPTIONS.....	1
	A. Reply to RESA Exceptions.....	1
	1. <i>Reply to RESA Exception No. 1: The ALJ provides ample justification for recommending the Commission adopt reforms to Peoples' POR.....</i>	2
	2. <i>Reply to RESA Exception No. 2: The RD's recommendation of tailored reforms to Peoples' voluntary POR program to address substantial harms to consumers does not constitute regulation of NGS prices.</i>	4
	3. <i>Reply to RESA Exception No. 3: The recommended reforms to Peoples' POR program do not constitute impermissible discrimination.</i>	5
	4. <i>Reply to RESA Exception No. 4: CAUSE-PA and Peoples carried their burden of proof to demonstrate the reforms are just and reasonable.....</i>	7
	5. <i>Reply to RESA Exception No. 5: The POR reforms are the least restrictive option on the record to remedy the identified harm.</i>	9
	6. <i>Reply to RESA Exception No. 6: The ALJ's recommendation is clear and will not affect supplier access to consolidated billing.</i>	10
	7. <i>Reply to RESA Exception No. 7: The POR reforms are narrowly tailored to protect the availability of the POR program while also protecting consumers. 11</i>	
	B. Reply to OSBA Exceptions	12
	1. <i>Reply to OSBA Exception No. 1: The ALJ was correct to recommend a more equitable allocation of Peoples' universal service costs.</i>	12
	C. Reply to Peoples Exceptions.....	16
	1. <i>Reply to Peoples Exception No. 14: This rate case is the proper venue to address cross class recovery of universal service program costs.</i>	16
	2. <i>Reply to Peoples Exception No. 1: The ALJ was correct to recommend discontinuation of Peoples' WNA.</i>	18
	3. <i>Reply to Peoples Exception No. 2: The ALJ was correct to provide alternative recommendations to protect consumers if the Commission rejects the primary recommendation to discontinue Peoples' WNA.....</i>	20
	4. <i>Reply to Peoples Exception No. 4: The RD's recommended 10.2% ROE is excessive and unreasonable.</i>	22
	5. <i>Reply to Peoples Exception No. 18: Additional funding is necessary to support the additional 75 LIURP customers recommended in the RD.</i>	23

6.	<i>Reply to Peoples Exception No. 20: This Exception is procedurally defective and unsupported</i>	24
III.	CONCLUSION	25

TABLE OF AUTHORITIES

Cases

<u>Bluefield Waterworks & Imp. Co. v. Pub. Serv. Comm'n of W. Va.</u> , 262 U.S. 679 (1923).....	23
<u>CAUSE-PA v. Pa. PUC</u> , 120 A.3d 1087 (Pa. Commw. Ct. 2015).....	5
<u>Fed. Power Comm'n v. Hope Nat. Gas Co.</u> , 320 U.S. 591 (1944).....	22
<u>Lloyd v. Pa. PUC</u> , 904 A.2d 1010 (Pa. Commw. Ct. 2006).....	13
<u>Met-Ed Industrial Users Group v. Pa PUC</u> , 960 A.2d 189 (Pa. Commw. Ct. 2008).....	13, 14
<u>Popowsky v. Pa. Pub. Util. Comm'n</u> , 683 A.2d 958 (Pa. Commw. Ct. 1996).....	2, 3, 4
<u>Retail Energy Supply Assoc. v. Pa. PUC</u> , 230 C.D. 2017 (Pa. Commw. Ct. 2017).....	5, 9, 12

Statutes

66 Pa. C.S. § 102.....	5
66 Pa. C.S. § 2205.....	6

Rules

52 Pa. Code § 5.533	24
---------------------------	----

Regulations

52 Pa. Code § 56.100	21
----------------------------	----

Pennsylvania Public Utility Commission Orders

<u>Final CAP Policy Statement and Order</u> , Docket No. M-2019-3012599 (order entered Nov. 5, 2019).....	14, 15, 17
<u>Interconnection and Tariffs for Large Load Customers</u> , Docket No. M-2025-3054271, Final Order (adopted April 30, 2026, entered May 12, 2026).....	12, 13
<u>Pa. PUC v. Columbia Gas of Pa., Inc.</u> , Opinion and Order, Docket No. R-2025-3053499 (order entered Dec. 4, 2025).....	19

Pennsylvania Public Utility Commission Policy Statements

52 Pa. Code § 69.265.....	17
52 Pa. Code § 69.266	16, 17

I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), by and through its counsel at the Pennsylvania Utility Law Project, files these Reply Exceptions in response to the Exceptions of the Retail Energy Supply Association (RESA), Office of Small Business Advocate (OSBA), and Peoples Natural Gas Company LLC (Peoples).

As discussed in detail below and through briefs, Administrative Law Judge (ALJ) Charece Z. Collins was correct to recommend, based on substantial record evidence, that the Commission order Peoples to: (1) adopt reforms to its Purchase of Receivables (POR) program to address identified harm to consumers, (2) assign universal service program costs to all rate classes, (3) discontinue its WNA. Further, CAUSE-PA stands by its position that the RD's recommended 10.2% ROE is excessive.

II. REPLY EXCEPTIONS

A. Reply to RESA Exceptions.

While the purpose of competition is to lower costs, Peoples' retail shopping customers are consistently charged rates that substantially exceed the default service rate, driving disproportionately high uncollectible expenses and higher charges for other customers.¹ To help alleviate the clear and undeniable harm to ratepayers caused by excessive NGS prices, CAUSE-PA recommended that Peoples no longer purchase receivables from suppliers in advance of payment if the supplier is charging rates that are higher than the default service price at the time a contract begins or renews.² This change should be made on a forward going basis and would provide all suppliers with notice of the change before it goes into effect.³ If a supplier elects to

¹ CAUSE-PA MB at 103-105; CAUSE-PA RB at 59-61; RD at 355-359.

² CAUSE-PA MB at 105-106.

³ Id.

charge rates higher than Peoples' charges, they could still remain in Peoples consolidated billing program, but their charges would not be purchased in advance through the POR.⁴ Peoples agreed with and adopted the proposal in its Main Brief.⁵

ALJ Collins correctly recommends approving CAUSE-PA's proposed POR reforms, pointing to substantial record evidence and sound legal analysis in support thereof.⁶ The Commission should affirm this well-supported recommendation.

1. Reply to RESA Exception No. 1: The ALJ provides ample justification for recommending the Commission adopt reforms to Peoples' POR.

In its Exception 1, RESA argues that the ALJ did not provide sufficient justification for adopting CAUSE-PA's recommended reforms to the POR program.⁷ RESA argues that, while the RD summarizes the arguments of the parties, it does not fully list RESA's arguments and asserts the RD fails to provide a basis for whether the omitted arguments were considered.⁸ RESA argues that this omission is prejudicial because its arguments did not receive discussion in the RD.

RESA cites Popowsky v. Pa. PUC, for the premise that the absence a detailed explanation in the formal Findings of Facts and Conclusion of Law sections of the RD constitute an error.⁹ However, the very case that RESA cites specifically states: "Although there is no specific section in the ALJ's decision delineating these statements as findings of facts, absence of formal findings will not necessarily preclude review."¹⁰ "Nor will reliance on one party's submissions suggest that the PUC did not perform a review of the evidence and reach findings."¹¹ The court further held:

⁴ CAUSE-PA MB at 105-106.

⁵ Peoples MB at 143-145.

⁶ RD at 355-361; CAUSE-PA MB, Appendix C, FOF 90-99, Appendix D, COL 77-83.

⁷ RESA Exceptions at 5-6 (RESA Exception # 1).

⁸ Id. at 5-6.

⁹ Id. at 5, fn. 12.

¹⁰ Popowsky v. Pa. Pub. Util. Comm'n, 683 A.2d 958, 962-63 (Pa. Commw. Ct. 1996), citing City of Pittsburgh v. Pa. Pub. Util. Comm'n, 526 A.2d 1243 (Pa. Commw. Ct. 1987), petition for allowance of appeal denied, 517 Pa. 628, 538 A.2d 880 (1988).

¹¹ Popowsky, 683 A.2d at 962-63.

In the context of the entire decision, it is clear that the parts of Equitable’s brief adopted were meant as findings of the facts asserted therein and the rejection of the contradictory evidence offered by the OCA. Although we caution the PUC that it could avoid unnecessary appeals if its findings were explicit and more specific and comprehensive, the PUC’s decision provided the bare minimum this court needs in order to perform our appellate review.¹²

Here the RD specifically cites the substantial evidence of harm to Peoples’ customers, as well as the legal arguments on which the ALJ bases her decision.¹³ Specifically, the RD summarized the following evidence presented in CAUSE-PA’s testimony:

- From January 2024 through April 2026, Peoples’ residential shopping customers were charged \$51.9 million more than they would have been charged for default service.¹⁴
- \$7.4 million of that amount was attributable to confirmed low-income customers.
- These increased costs have a direct impact on Gross write offs.
- Over this same 28-month period, write offs for Peoples’ residential shopping customers were 484% higher than for residential default service customers – amounting to an average write-off of \$602.13 for residential shopping accounts, compared to \$124.31 for default service accounts.
- For low-income shopping customers, write offs are an astounding 853% higher than write offs for low income default service customers – amounting to an average of \$978.89 per low-income shopping account, compared to \$114.75 for low-income default service accounts.¹⁵

The RD further cites Peoples’ evidence that “Approximately 95.8% of residential shopping customers pay more than the PTC for commodity service, and the average supplier price is 82% above the PTC, with some supplier prices reaching as high as ten times the PTC.”¹⁶

The RD provides ample discussion of the parties’ positions, including direct citations to the factual and legal arguments in the parties testimony and briefs.¹⁷ The fact that these are not restated in the Findings of Facts and Conclusions of Law sections of the RD, and that the RD does

¹² Popowsky, 683 A.2d at 963.

¹³ RD at 355-361.

¹⁴ Id. at 358-359, citing CAUSE-PA St. 1 at 85-87.

¹⁵ RD at 358-359, citing CAUSE-PA St. 1 at 85-87.

¹⁶ RD at 356, citing Peoples St. 21-R at 4-5.

¹⁷ RD at 355-361.

not expressly state all of RESA's arguments, does not constitute an error.¹⁸ For clarity, as the ultimate fact finder, the Commission could incorporate the extensive factual evidence into the final finding of fact. The RD correctly concludes that, "After considering the various positions of the parties, I recommend that the Commission adopt Peoples' proposal, which incorporates recommendations of CAUSE-PA."¹⁹ CAUSE-PA respectfully asserts that the Commission should deny RESA's Exception 1 and, for clarity rather than necessity, incorporate CAUSE-PA's proposed Findings of Fact and Conclusions of Law into its Final Order in this proceeding.²⁰

2. Reply to RESA Exception No. 2: The RD's recommendation of tailored reforms to Peoples' voluntary POR program to address substantial harms to consumers does not constitute regulation of NGS prices.

In its Exception 2, RESA continues its erroneous characterization of the revised POR requirements as impermissible regulation of competitive generation prices.²¹ That characterization is incorrect. The recommended POR reforms do not restrict suppliers from offering prices above the PTC, and do not restrict supplier access to consolidated billing.²² Suppliers remain free to charge whatever price they want, and customers are free to contract with any supplier for any price.

RESA argues that these reforms would "remove from the POR-supported market any supplier whose price exceeds a utility-set line."²³ This argument is hollow. Suppliers would still be able to offer contracts to customers at prices above the PTC, while still participating in Peoples' consolidated billing program.²⁴ Suppliers should not be entitled to socialize the incremental collection risk associated with excessive pricing through POR treatment.²⁵ The reforms simply

¹⁸ Popowsky, 683 A.2d 958, 962–63.

¹⁹ RD at 361.

²⁰ CAUSE-PA MB, Appendix C, FOF 90-99, Appendix D, COL 77-83.

²¹ RESA Exceptions at 7-9.

²² CAUSE-PA MB at 108; CAUSE-PA RB at 65-68.

²³ RESA Exceptions at 7.

²⁴ CAUSE-PA MB at 108.

²⁵ Id.

establish conditions for participation in a voluntary utility receivables-purchase program. The only change is that a supplier who contracts with a customer for a rate that is higher than the PTC would be paid only when Peoples collects on the bill.²⁶ If Peoples is unable to collect on the account, then collections would revert to the supplier.²⁷ This is not price regulation or anticompetitive.²⁸

In examining retail choice in other contexts, the Commonwealth Court has consistently held that competition must bend when necessary to meet the consumer protection and universal service obligations enshrined in the Choice Act.²⁹ The breadth of harms to consumers detailed in CAUSE-PA's and Peoples' briefs and testimony make it clear that reform to Peoples' POR is necessary.³⁰ The Commission should adopt the RD's decision to accept CAUSE-PA's recommended POR reforms.

3. Reply to RESA Exception No. 3: The recommended reforms to Peoples' POR program do not constitute impermissible discrimination.

In its Exception 3, RESA argues that the recommended reforms to Peoples' POR constitute impermissible discrimination based on price.³¹ RESA is wrong. The antidiscrimination provision of the Public Utility Code is not applicable to Peoples' voluntary POR program. Section 1502 is limited to "service," which is defined as those "acts done, rendered, or performed, . . . things furnished or supplied, and . . . facilities used, furnished, or supplied by public utilities ... in the performance of their *duties* under this part."³² As explained in CAUSE-PA's Main and Reply

²⁶ See 66 Pa. C.S. § 2205(c)(5).

²⁷ CAUSE-PA RB at 66.

²⁸ *Id.*

²⁹ *CAUSE-PA v. Pa. PUC*, 120 A.3d 1087, 1101, 1103 (Pa. Commw. Ct. 2015); *Retail Energy Supply Assoc. v. Pa. PUC*, 230 C.D. 2017 (Pa. Commw. Ct. 2017).

³⁰ CAUSE-PA MB at 103-105; CAUSE-PA RB at 66; CAUSE-PA St. 1 at 85-89; Peoples St. Peoples St. 21-R at 5.

³¹ RESA Exceptions at 9-11.

³² 66 Pa. C.S. § 102 (emphasis added).

Briefs, the Choice Act *permits but does not require* Peoples to operate its *voluntary* POR program.³³ Peoples does not have a duty to provide POR, and this provision does not apply.

Moreover, even if the section 1502 were to apply, that section only prohibits “unreasonable preference”.³⁴ There is nothing unreasonable about treating two dissimilarly situated suppliers – one charging rates that are higher than the PTC and another charging rates that are at or below the PTC – differently, especially to address clear and identified harm to consumers.³⁵ The RD’s adoption of POR reforms are reasonable and narrowly tailored to address clear and unrefuted harm to Peoples’ residential consumers from excessive charges and higher uncollectible expenses.³⁶

RESA argues that there is no evidence that suppliers whose rates exceed the PTC have a greater negative impact on POR costs than suppliers whose rates are at or below it.³⁷ This is simply untrue. There is ample evidence establishing a direct nexus between excessive supplier prices and higher uncollectible expenses charged to other residential customers through the POR.

As noted above, nearly all (95.8%) of Peoples’ residential shopping customers are charged rates that exceed the default service rate for commodity service. The average supplier price is 82% above the default service rate, with some supplier prices reaching as high as ten times the default rate, resulting in \$51.9 million in aggregate charges to residential customers above the PTC in just 28 months.³⁸ Of that amount, \$7.4 million in excessive charges were levied on confirmed low income customers, who already struggle profoundly afford basic needs and face substantially higher risk of involuntary termination.³⁹ These exorbitant supplier charges are driving disproportionately high uncollectible expenses that are passed on to other consumers through the

³³ CAUSE-PA MB at 101; CAUSE-PA RB at 61; 66 Pa. C.S. § 2205(c)(5).

³⁴ CAUSE-PA RB at 65.

³⁵ Id.

³⁶ RD at 358-359; CAUSE-PA St. 1 at 85-87.

³⁷ RESA Exceptions at 10.

³⁸ RD at 356; CAUSE-PA MB at 103-105; Peoples St. 21-R at 4-5.

³⁹ CAUSE-PA MB, Appendix C, FOF 4; see CAUSE-PA St. 1 at 25.

POR.⁴⁰ Peoples' gross write offs associated with higher-priced shopping arrears are 484% higher than the gross write-offs associated with default service arrears.⁴¹ Peoples' voluntary POR currently allows these excessively high supplier write-off expenses to be socialized to other ratepayers, jacking up rates for other residential customers – while at the same time absolving suppliers of any responsibility for collections regardless of their actual uncollectible rate.⁴²

Based on this overwhelming evidence, it is inherently reasonable to allow POR when the rates charged to consumers are at or below the default service rate. RESA's unfounded allegations of impermissible discrimination are without merit.

4. Reply to RESA Exception No. 4: CAUSE-PA and Peoples carried their burden of proof to demonstrate the reforms are just and reasonable.

In its Exception 4, RESA mistakenly argues that CAUSE-PA and Peoples failed to carry the burden of proof to demonstrate that the recommended POR reforms are necessary and appropriate.⁴³ RESA asserts that CAUSE-PA has not demonstrated a nexus between excessive supplier charges, higher uncollectible rates for shopping customers, and the POR program.⁴⁴

RESA also argues that Peoples' proposal in this case to reduce the POR discount, based on the decline in Peoples' actual system-wide uncollectible rate, undercuts the notion that suppliers are shielded from uncollectible risk and that supplier-originated receivables are a small portion of Peoples' write-offs.⁴⁵ RESA's arguments fails to acknowledge that the system-wide POR discount rate does not accurately reflect the disproportionately high write-offs associated with supplier charges.⁴⁶ While system-wide uncollectible expenses may have declined, that decline is not

⁴⁰ CAUSE-PA MB at 101.

⁴¹ Id. at 103-105

⁴² Id.

⁴³ RESA Exceptions at 11-15 (RESA Exception # 4).

⁴⁴ Id. at 12.

⁴⁵ RESA Exceptions at 12-13.

⁴⁶ CAUSE-PA RB at 64.

attributable to supplier accounts. Specifically, **write-offs associated with residential shopping accounts were 484% higher than the write-offs associated with default service accounts, averaging \$602.13 per shopping account compared to \$124.31 per default service account.**⁴⁷

Thus, Peoples' proposal to reduce the POR discount based on a decline in the systemwide uncollectible rate does not accurately reflect suppliers' disproportionately high average write-offs because application of the system-wide discount is offset by the lower average write-offs for default service customers. In other words, Peoples' system-wide uncollectible rate – and the costs passed through to residential consumers – would have been even lower without the POR, which passes through suppliers' substantially higher write-offs. CAUSE-PA submits that it is unjust and unreasonable to require residential customers to continue subsidizing suppliers' excessive charges through the POR.

RESA further argues that the evidence of consumer harm is misleading because the parties did not analyze what customers might have otherwise paid for the lowest cost offer available.⁴⁸ This argument lacks merit. The evidence in this case includes the *actual* rates charged to all shoppers over a 28-month period (not a single point in time). This expansive data revealed that nearly all (95.8%) of shopping customers were charged rates *above* the default service price throughout this timeframe – with the *average* shopping customer paying 82% more than the default service price.⁴⁹ In the aggregate (and inclusive of any potential savings achieved), shoppers were charged \$51.9 million more than the default service price – including \$7.4 million in excessive charges to low income households. The evidence in this case shows what customers were *actually* charged, and the *actual* harm that came from these customers being charged prices substantially

⁴⁷ CAUSE-PA MB at 105.

⁴⁸ RESA Exceptions at 13.

⁴⁹ CAUSE-PA MB at 103-105; CAUSE-PA RB at 60.

above the PTC, resulting in disproportionately large write-offs being passed onto other ratepayers through the POR program. RESA's assertion that the parties should have engaged in a hypothetical analysis of potential savings, based on "the lowest-cost offer available in the market in the same period" is meritless. The Commission must rest its decisions on actual evidence, not merely abstract possibility.

CAUSE-PA has carried its burden to demonstrate the substantial harm to Peoples customers from excessive NGS prices and provided a narrowly tailored recommendation to help address those harms while still protecting the availability of the POR.

5. Reply to RESA Exception No. 5: The POR reforms are the least restrictive option on the record to remedy the identified harm.

In its Exception 5, RESA argues that the remedy to the harm identified is broader than necessary to address the identified harm shown.⁵⁰ RESA argues that only approximately 14% of the claimed excess are attributable to confirmed low income customers, but the POR reforms would apply to contracts for all residential customers.⁵¹ However, the harm is not limited to low income customers. 95.8% of residential shopping customers pay more than the PTC, to the tune of \$51.9 million over 28 months, with write-offs 484% higher than default service customers.⁵²

The standard – at least as it was examined in the context of the Electric Choice Act – requires only that the Commission to review the record to determine the availability of a less restrictive alternative *capable of addressing harm*.⁵³ Other than completely eliminating POR – which would be *more* restrictive than the recommendations in this case – there are no alternatives on the record that address the pervasive harm shown.

⁵⁰ RESA Exceptions at 15.

⁵¹ Id.

⁵² CAUSE-PA RB at 60.

⁵³ RESA v. Pa. PUC, 185 A.3d 1206, at 1228 (Pa. Commw. Ct. 2018).

6. Reply to RESA Exception No. 6: The ALJ's recommendation is clear and will not affect supplier access to consolidated billing.

In its Exception 6, RESA argues that POR reform will cause cost and disruption to suppliers that must build or contract for “independent billing and collection capability.”⁵⁴ This is an evasion and not correct. RESA’s argument misrepresents that all suppliers would retain the ability to participate fully in Peoples’ consolidated billing, regardless of contract price.⁵⁵ While suppliers may have to engage in collections, this is not different than any competitive business. Competitive suppliers charging excessive prices should not be able to require other utility customers to backstop their collections.

RESA also argues that it’s unclear what would happen if the PTC were to change mid contract.⁵⁶ This assertion also misrepresents the facts. CAUSE-PA’s proposed POR reform would permit suppliers to participate in the POR if the charges are at or below the PTC “*at the time of contract initiation or renewal.*”⁵⁷ This means that if the PTC goes down mid-contract, the account would still be eligible for POR until the supplier’s contract expires, ensuring that contracts can be honored for the duration of their term and would not be affected by interim changes to the PTC during the term of the contract.⁵⁸ Regarding existing contracts receiving POR when the reforms are initially implemented, all existing contracts for existing supply would be allowed to continue to be included in POR until the end of the contract term.⁵⁹ The changes adopted by the RD would be effective only for contracts entered or renewed after June 1, 2027.⁶⁰

⁵⁴ RESA Exceptions at 16.

⁵⁵ CAUSE-PA MB at 106-107.

⁵⁶ RESA Exceptions at 16.

⁵⁷ CAUSE-PA RB at 67; CAUSE-PA St. 1 at 88.

⁵⁸ CAUSE-PA RB at 67.

⁵⁹ Id.

⁶⁰ Id.

RESA also argues that it is unclear whether the RD recommends limiting access to POR to suppliers offering prices below the PTC or eliminating POR entirely.⁶¹ This argument is specious at best. The RD states: “I recommend that the Commission adopt Peoples’ proposal, which incorporates recommendations of CAUSE-PA.”⁶² Likewise, Recommendation 74 clearly recommends that “The Commission adopt CAUSE-PA’s proposals regarding the Purchase of Receivables Program.”⁶³ These are clearly recommendations to adopt CAUSE-PA’s primary recommendation and accompanying timeline, not elimination of the POR program.

7. Reply to RESA Exception No. 7: The POR reforms are narrowly tailored to protect the availability of the POR program while also protecting consumers.

In its Exception 7, RESA argues that adopting POR reforms would depart from the Commission’s long standing policy of supporting POR.⁶⁴ However, as explained above, these reforms are based on actual data and evidence regarding the unjust and unreasonable operation of Peoples’ POR and are narrowly tailored to protect the availability of the POR program, while also protecting consumers from the harms cause by NGSs charging excessive charges on supply contracts. Past policy preference does not trump factual evidence that such a policy is working to the detriment of consumers. Peoples POR is a voluntary program and Peoples is not required by the Choice Act to purchase a suppliers’ receivables.⁶⁵ Given this, Peoples’ POR should be designed to support the broad public interest, not the narrow business interests of suppliers, and should work in a manner that is consistent with its clear obligations under the Public Utility Code, including

⁶¹ RESA Exceptions at 17.

⁶² RD at 361.

⁶³ *Id.* at 390, Recommendation 74.

⁶⁴ RESA Exceptions at 17-18.

⁶⁵ 66 Pa. C.S. § 2205(c)(5); see also

Natural Gas Distribution Companies and Promotion of Competitive Retail Markets, L-2008-2069114, Final Rulemaking Order at 41.

the requirement to only charge rates that are just and reasonable.⁶⁶ As the POR is a voluntary program, the Commission can and should adopt the proposed modifications to the POR based on the record evidence in this case.⁶⁷ CAUSE-PA’s reforms are the least restrictive alternative capable of addressing the identified harm in this proceeding and should be adopted by the Commission.⁶⁸

B. Reply to OSBA Exceptions

1. Reply to OSBA Exception No. 1: The ALJ was correct to recommend a more equitable allocation of Peoples’ universal service costs.

The RD recommends that Peoples be required to allocate universal service costs among all customer classes and explains that there is no statutory or appellate prohibition that limits allocation of universal service costs solely to the residential class.⁶⁹ The RD cites the Commission’s recent Large Load Tariff Order, stating “[t]he Commission has the authority to require other customer classes, not just the residential class, to contribute to the costs of universal service programs.”⁷⁰ The ALJ agreed with OCA and CAUSE-PA that, “the cost of providing service through the Peoples’ CAP program ‘does not have a cost-causation basis that can be confined to the residential class’ and the benefits of universal service are not attributable only to the residential class.”⁷¹

In its Exception 1, OSBA argues that the Commission does not have the authority to assign universal service costs to nonresidential classes.⁷² OSBA argues that the Large Load order limited recovery to the Large Load class and that it should not be extended to other nonresidential

⁶⁶ CAUSE-PA RB at 68.

⁶⁷ Id.

⁶⁸ RESA v. Pa. PUC, 185 A.3d 1206, at 1228 (Pa. Commw. Ct. 2018).

⁶⁹ RD at 256.

⁷⁰ Id., citing Interconnection and Tariffs for Large Load Customers, Docket No. M-2025-3054271, Final Order at 107 (adopted April 30, 2026, entered May 12, 2026).

⁷¹ RD at 257.

⁷² OSBA MB at 12.

classes.⁷³ OSBA also argues that CAUSE-PA and OCA do not address the impact of assigning Peoples’ universal service costs to small business customers and attempts to define them as “residential only” programs.⁷⁴

CAUSE-PA addressed these arguments, at length, in its Main Brief and Reply Brief.⁷⁵ In Lloyd, the court expressly affirmed the right to recover the costs of “public purpose programming” from all rate classes, specifically finding that the record supported that those programs do in fact provide broad support to the distribution system and its customers.⁷⁶ In the Interconnection and Tariffs for Large Load Customers proceeding, the Commission explained that it has the authority to require nonresidential classes to contribute to the costs of universal service programs, as well as an obligation to ensure that service is available to all customers on reasonable terms and conditions.⁷⁷ As noted below, and more thoroughly explained through briefing, the record in this case supports the allocation of universal service costs to all customers.

OSBA argues that there is no proof that more broadly recovering universal service costs will would address issues such as poverty, poor housing stock, wages or other societal problems.⁷⁸ However, OSBA misses the point. No one argues that broader allocation of universal service costs will alleviate poverty. Universal service programs are statutorily prescribed to help mitigate the impacts of energy poverty, helping ensure that all customers – regardless of income – are able to

⁷³ OSBA Exceptions at 3.

⁷⁴ Id.

⁷⁵ CAUSE-PA MB at 52-60.; CAUSE-PA RB at 35-51.

⁷⁶ CAUSE-PA MB at 53-55; CAUSE-PA RB at 35-36; See Lloyd v. Pa. PUC, 904 A.2d 1010, 1025-1029 (Pa. Commw. Ct. 2006). While the issue in Lloyd was funding for the Sustainable Energy Fund rather than universal service costs, that is of no import because the Lloyd court specifically cited Section 2802(17) as the section in question which addresses, among other things, universal service costs. See also, Met-Ed Industrial Users Group v. Pa PUC, 960 A.2d 189, 202 (Pa. Commw. Ct. 2008) (“Thus, under *Lloyd*, there is no statutory requirement that the funding for special programs come only from those who benefit from the programs. However, the lack of such a requirement does not mean that funding for special programs must come from those who do not benefit. In fact, in Lloyd, this court pointed out that, according to the credible evidence, SEF programs do benefit distribution service.”).

⁷⁷ Interconnection and Tariffs for Large Load Customers, Docket No. M-2025-3054271, Final Order at 107 (adopted April 30, 2026, entered May 12, 2026).

⁷⁸ OSBA Exceptions at 5.

access life-essential energy services to their home.⁷⁹ The costs associated with ensuring universal access to essential services should be recovered from all rate classes because all rate classes contribute to the causation of those costs and all customers benefit from ensuring service is accessible to all. Although in the case there is ample evidence that all ratepayers benefit from universal service programs, the Commission need not make this finding to nevertheless approve the RD's recommendation as the Met-Ed, court made clear "there is no statutory requirement that the funding for special programs come only from those who benefit from the programs."⁸⁰ Moreover, In its Final CAP Policy Statement and Order, the Commission addressed the recovery of universal service program costs and acknowledged that the "cause" of the need for these programs is poverty – a societal problem, not an individual rate class problem – and recognized that residential customers do not cause energy poverty.⁸¹ The Commission explained that the provision of universal services to help low income families maintain service to their homes is "a benefit to the economic climate of a community."⁸²

Nevertheless, while not required, CAUSE-PA and OCA have provided extensive analysis demonstrating that universal service costs are not caused by residential ratepayers, they are caused by a wide range of factors that create the conditions for energy poverty.⁸³ Even looking at a model where the "beneficiary pays" leads to the conclusion that, while the most obvious benefits of universal service programs are apparent to the lower income households that are eligible to enroll in such programs, there are a multitude of societal benefits which inure to non-residential ratepayers that cannot be ignored.⁸⁴ As it stands, employers who fail to pay their employees a

⁷⁹ CAUSE-PA St. 1 at 79.

⁸⁰ Met-Ed, 260 A.2d at 202.

⁸¹ Final CAP Policy Statement and Order, Docket No. M-2019-3012599, at 97 (order entered Nov. 5, 2019).

⁸² Id. at 7, 94-96, 107.

⁸³ CAUSE-PA MB at 58-60; CAUSE-PA RB at 37-39.

⁸⁴ CAUSE-PA St. 1 at 78-79.

living wage are being subsidized by residential ratepayers, who are alone shouldering the burden of providing critical safety-net programs.⁸⁵ Nonresidential customers, such as small businesses, are also impacted when customers facing utility insecurity must take time away from work to arrange payments, apply for assistance programs, and arrange for reconnections.⁸⁶ These consequences of utility insecurity significantly undermine worker productivity, which in turn impacts businesses, and other non-residential customer groups.⁸⁷

OSBA also argues that the issue of universal service cost recovery should be deferred to a statewide proceeding, rather than the current rate case. This argument is addressed in more detail below in response to Peoples' Exception 14. In short, the Commission already addressed the issue of cross class recovery of universal service program costs in its statewide Final CAP Policy Statement and Order.⁸⁸ Through this statewide proceeding, the Commission directed utilities and stakeholders to address CAP cost recovery in **utility-specific rate proceedings**, indicating that "the Commission will no longer routinely exempt non-residential classes from universal service

⁸⁵ See CAUSE-PA MB at 58-60:

- Consistently over the past six years, one-third or more of Peoples' CAP customers have been employed, and the fact that the wages received by these households leave them with a poverty-level income can be attributed to the wage-payer as much as it is attributed to the wage-earner.
- In 2024, statewide, 30% of CAP customers, 31.7% of LIURP recipients, and 47% of customers who received a hardship fund were employed.
- The next largest group of low income assistance program participants are retired seniors or individuals on disability who do not receive sufficient social security, disability, or retirement benefits to afford basic life necessities, including energy services.
- Approximately 700,000 fast food and counter workers, personal care aides, cashiers, waiters and waitresses, and retail salespersons earn substantially less than \$20 per hour.
- Approximately 1.75 million workers in these counties worked in industries with median hourly wages ranging from \$13.94 (personal care aides) to \$20.93 (sales workers and truck drivers).
- The average income for Peoples CAP participants is falling further below the poverty level and that the declining income can be attributed to the performance of the economy as a whole, including non-residential customers.

⁸⁶ Id.

⁸⁷ Id.

⁸⁸ Final CAP Policy Statement and Order, M-2019-3012599 at 97 (emphasis added).

obligations.”⁸⁹ There is no basis to ping pong this issue back to a statewide proceeding when the Commission has already determined that it belongs here, in a rate case.

CAUSE-PA’s recommendation is rooted in sound public policy and existing case law. There is no rational basis for Peoples’ residential customers to solely bear the burden of universal service costs, because these are public purpose costs that assist low income families to maintain access to gas service and benefit the entire community.⁹⁰ The Commission should adopt the ALJ’s recommendation to broadly assign universal service costs to all rate classes.

C. Reply to Peoples Exceptions

1. Reply to Peoples Exception No. 14: This rate case is the proper venue to address cross class recovery of universal service program costs.

In its Exception 14, the Company argues that the issue of cross class recovery of universal service costs affects the entire industry and should not be isolated to this case.⁹¹ Peoples further argues that broadly allocating universal service costs would impose an obligation on Peoples’ non-residential customers that is not placed on the non-residential customers of other utilities in Pennsylvania.⁹²

Contrary to the assertions of Peoples, this matter does not need to be determined in a statewide proceeding, as the matter has the Commission has already addressed the allocation of universal service costs through a statewide proceeding. In its Final CAP Policy Statement and Order, the Commission indicated that it is appropriate to consider recovery of the costs of customer assistance programs from all ratepayer classes, because “poverty, poor housing stock, and other factors that contribute to households struggling to afford utility service are not just ‘residential

⁸⁹ Id.; see also 52 Pa. Code. § 69.266(b).

⁹⁰ CAUSE-PA MB at 55.

⁹¹ Peoples Exceptions at 25. at 103.

⁹² Id. at 104.

class’ problems.”⁹³ The Commission directed utilities and stakeholders **to address CAP cost recovery in utility-specific rate proceedings**, indicating that “the Commission will no longer routinely exempt non-residential classes from universal service obligations.”⁹⁴ It also bears noting that, while Peoples currently only recovers universal service costs from residential customers, it had historically allocated 4.25% of CAP costs to non-residential customers.⁹⁵

As explained in CAUSE-PA’s Reply Brief regarding Peoples’ concerns about the potential affect on business siting, expansion, and investment decisions, this is only one of a number of different factors that are unique to each NGDC’s service territory.⁹⁶ Other such factors include variations in rates, that could affect business decisions – especially the level of rate increase (if any) that the Commission authorizes in this proceeding.⁹⁷ The allocation of universal service costs is just one of these potential factors and would likely have minimal influence compared to the geographic location, existing infrastructure, and the general prices the utility charges for service, of which universal service costs would only make up a small fraction.⁹⁸

The Commission should adopt ALJ’s recommendation to broadly assign universal service costs to all rate classes. CAUSE-PA does not object to Peoples’ request for an additional 90 days to submit a tariff filing enacting the changes.⁹⁹

⁹³ Final CAP Policy Statement and Order, Docket No. M-2019-3012599, at 97 (order entered Nov. 5, 2019); see also 52 Pa. Code §§ 69.265(1), 69.266(b).

⁹⁴ Final CAP Policy Statement and Order, Docket No. M-2019-3012599 at 97 (emphasis added); see also 52 Pa. Code. § 69.266(b).

⁹⁵ CAUSE-PA RB at 39; Peoples St. 10-R at 24.

⁹⁶ CAUSE-PA RB at 39.

⁹⁷ Id.

⁹⁸ CAUSE-PA RB at 39.

⁹⁹ Peoples Exceptions at 26-28.

2. Reply to Peoples Exception No. 1: The ALJ was correct to recommend discontinuation of Peoples' WNA.

The RD correctly recommends that Peoples' WNA be discontinued by the Commission, noting that the WNA shifts weather related risks away from Peoples and onto its customers.¹⁰⁰ The RD further notes that, while the WNA had recently resulted in a net credit, excluding the anomalous Winter Storm Fern event, the WNA would have resulted in a net charge of more than \$8 million through March 2026.¹⁰¹ The RD further notes that revenue decoupling mechanisms, such as the WNA, generally result in higher rates for consumers.¹⁰²

In its Exception 1, Peoples argues that its WNA is mutually beneficial to consumers and the Company, relying heavily on the recent net credit to consumers.¹⁰³ Peoples argues that it is a “misconception” that the WNA passes risk to consumers, because the utility and the consumer are at “equal risk” of abnormal weather.¹⁰⁴ But the record shows that there is nothing “equal” about the relative risk to consumers created by the WNA, which shifts the traditional gas distribution business risk of under collection due to climate change onto its customers, who cannot afford to bear that unreasonable risk.¹⁰⁵ Peoples seeks to obscure the weight of the evidence that winters are warming in Pennsylvania and that the short term trend of WNA credits is likely not to endure.¹⁰⁶ The WNA shifts weather-related risk onto customers by charging customers for consumption of gas they did not use, but that they ‘should have used’ based on the Company’s own projections and expectations.¹⁰⁷

¹⁰⁰ RD at 278.

¹⁰¹ *Id.*, citing OCA St. 1 at 33.

¹⁰² RD at 280.

¹⁰³ Peoples Exceptions at 3.

¹⁰⁴ *Id.* at 4.

¹⁰⁵ CAUSE-PA MB at 64-68.

¹⁰⁶ *Id.* at 65-66.

¹⁰⁷ CAUSE-Pa St. 1 at 62.

Peoples' reliance on the recent net credits generated by its WNA is misplaced. These net credits are due to the short sample size and the weather anomaly caused by winter storm Fern in January 2026.¹⁰⁸ Excluding this anomalous weather event, Peoples' WNA would have produced more than \$8.0 million in net surcharges through March 2026.¹⁰⁹ The record is clear that, over the long term, the WNA is far more likely to produce significant asymmetry and surcharge customers on net each year than it is to produce net credits, as demonstrated by the fact that every other WNA that has been in effect longer than Peoples has resulted in millions of dollars of net charges to consumers.¹¹⁰

To that point, Peoples is mistaken in relying on the Commission's approval of Columbia Gas's WNA to support approval of its own WNA. Peoples' WNA lacks the range of customer protections ordered by the Commission in allowing Columbia Gas to continue its WNA mechanism on a *pilot* basis until the company's next rate case.¹¹¹ There, the Commission required that Columbia implement a range of additional customer protections, including implementation of a 5% deadband and elimination of the shoulder month of May for the purposes of WNA calculation.¹¹² Peoples has refused to implement similar reforms to its own WNA.¹¹³

Peoples also argues that "[t]he WNA does not disproportionately impact low-income customers" because "[c]ustomers who are currently enrolled [in CAP] to pay their bills based on a percentage of their household income will see little to no impact on their bills under the WNA mechanism."¹¹⁴ However, this argument ignores the basic facts. The imposition of WNA charges

¹⁰⁸ CAUSE-PA RB at 42-43; OCA St. 1 at 33; OSBA St. 1 at 15-16;

¹⁰⁹ RD at 280; CAUSE-PA RB at 43; OCA St. 1 at 33.

¹¹⁰ CAUSE-PA MB at 65.

¹¹¹ CAUSE-PA RB at 44; Pa. PUC v. Columbia Gas of Pa., Inc., Opinion and Order, Docket No. R-2025-3053499 at 279 at 301-302 (order entered Dec. 4, 2025).

¹¹² Pa. PUC v. Columbia Gas of Pa., Inc., Opinion and Order, Docket No. R-2025-3053499 at 279 at 301-302 (order entered Dec. 4, 2025).

¹¹³ See Peoples Exceptions at 9-11 (Peoples Exception No. 2).

¹¹⁴ Peoples Exceptions at 8.

on CAP bills increases the costs of CAP paid for by other residential customers, essentially requiring residential customers to pay for the WNA twice – first through their own bill and again through the universal service charge.¹¹⁵ The WNA also has a direct impact on CAP customers who are charged according to their average bill - up to their applicable percentage of income payment.¹¹⁶ Further, 75% of Peoples’ estimated low income customers are not enrolled in CAP and pay the full tariff rate – including WNA charges.¹¹⁷ Additional WNA charges are disproportionately harmful to low income households who already face difficult choices between heating, food, and other essentials, undermining their ability to plan for and manage utility expenses by assessing additional charges when weather is warm and usage is low.¹¹⁸ Peoples’ WNA should be discontinued.

3. Reply to Peoples Exception No. 2: The ALJ was correct to provide alternative recommendations to protect consumers if the Commission rejects the primary recommendation to discontinue Peoples’ WNA.

The RD provides an alternative recommendation that, if the Commission allows the WNA to continue, it should require that Peoples modify the WNA by increasing the deadband from 3% to 5% and removing the months of October and May.¹¹⁹ As explained in CAUSE-PA’s Exception 8, CAUSE-PA strongly supports the ALJ’s primary recommendation that Peoples’ WNA be discontinued, and also supports the ALJ’s alternative recommendations if the Commission disagrees with the ALJ’s primary recommendation.¹²⁰ In its Exception 2, Peoples argues that Columbia’s WNA is distinguishable and the ALJ’s alternatives are unnecessary - noting that its

¹¹⁵ CAUSE-PA RB at 49.

¹¹⁶ CAUSE-PA MB at 81; CAUSE-PA RB at 39.

¹¹⁷ CAUSE-PA MB at 41; CAUSE-PA RB at 51.

¹¹⁸ CAUSE-PA RB at 41.

¹¹⁹ RD at 283-284.

¹²⁰ CAUSE-PA Exceptions at 25; RD at 278. However, in such event, CAUSE-PA also recommends that the ALJ adopt CAUSE-PA’s additional recommended WNA reforms outlined in its Main Brief and Reply Brief. See CAUSE-PA Exceptions at 25-26; CAUSE-PA MB at 80-81; CAUSE-PA RB at 45-50.

proposal has a “limiter” during the month of May and that its proposed 65-year regression methodology will provide sufficient customer protections.¹²¹

As explained in CAUSE-PA’s Main Brief and Reply Brief, Peoples’ 65-year regression proposal does not alleviate the underlying uncertainty associated with billing based on normalized weather rather than actual weather.¹²² It does not change the fundamental reality that the WNA shifts the risk of under collection from the utility – where it belongs – to its customers – many of whom simply cannot bear this risk financially.¹²³ Further, the proposed 65 year regression methodology is untested, making the increased deadband more important to ensure WNA charges or credits only apply during significant deviations in weather.¹²⁴

Further, Peoples’ May limiter would still allow WNA charges to double a customer’s distribution charges in May and does nothing to address the other shoulder month of October. As explained in CAUSE-PA’s Exception 8, if Peoples’ WNA is allowed to continue, it should be limited to ***December through March***.¹²⁵ These are the winter months recognized by the Commission and the General Assembly for other public policy purposes such as the winter termination rules that prevent termination of service to low income households.¹²⁶

While CAUSE-PA strongly supports the ALJ’s primary recommendation that the WNA be discontinued, if it is allowed to continue, the Commission should eliminate the months of April, May October, and November, establish a 5% deadband, limit the charge to a three-year pilot, exclude DSIC revenue and CAP participants, and apply the charge on a class basis.¹²⁷

¹²¹ Peoples Exceptions at 6.

¹²² CAUSE-PA MB at 62-63; CAUSE-PA RB at 43.

¹²³ CAUSE-PA MB at 62-63; CAUSE-PA RB at 43.

¹²⁴ CAUSE-PA RB at 47.

¹²⁵ CAUSE-PA Exceptions at 26; CAUSE-PA MB at 80; CAUSE-PA RB at 46.

¹²⁶ See 52 Pa. Code § 56.100(b).

¹²⁷ See CAUSE-PA MB at 80-81; CAUSE-PA RB at 45-50.

4. Reply to Peoples Exception No. 4: The RD's recommended 10.2% ROE is excessive and unreasonable.

In its Exception 4, Peoples indicates that it stands by its initial ROE proposal, but that I&E's 10.2% ROE proposal adopted by the ALJ falls within its range of estimates.¹²⁸ Peoples recommends that the Commission should authorize an ROE of no less than the 10.20% return recommended by the RD.¹²⁹

CAUSE-PA disagrees and stands by its position that no rate increase is warranted in this proceeding.¹³⁰ As explained in CAUSE-PA's Exception 1, the ALJ's recommended 10.2% ROE is excessive and unreasonable considering the substantial evidence of widespread unaffordability in this proceeding.¹³¹ Peoples' rates are already unaffordable for a large segment of its customers, and the Company already has sufficient revenue at present rates to maintain safe and reliable service for its customers and has a reasonable opportunity to earn a fair rate of return.¹³²

Further, CAUSE-PA agrees with Governor Shapiro's Comments on the RD in this case.¹³³ The RD misrepresents Governor Shapiro's position on utility ROEs by restating Peoples' inaccurate characterization of that position.¹³⁴ CAUSE-PA further agrees that Commission should reject the RD's suggestion that established ratemaking principles preclude the use of approaches other than the DCF and CAPM models to determine ROE.¹³⁵ As explained in CAUSE-PA's Exception 1, the Commission is not bound to the use of any single formula in determining rates, meaning that the Commission has flexibility to determine the methodology used to determine rates,

¹²⁸ Peoples Exceptions at 12-13.

¹²⁹ Id.

¹³⁰ CAUSE-PA MB at 17-25.

¹³¹ CAUSE-PA Exceptions at 4-13

¹³² Id. at 4; CAUSE-PA MB at 17-22, 24-25, 27-32.

¹³³ Comments of Governor Shapiro on Recommended Decision of Administrative Law Judge (Oct. 14, 2026) (Governor's Comments).

¹³⁴ Id. at 4.

¹³⁵ Id.

so long as the end result is just and reasonable.¹³⁶ A rate of return may be reasonable at one time and become too high or too low by changes in the economy, acknowledging that the dynamic nature of a fair return requires regulators to assess *current* market conditions – *rather than relying on historical benchmarks alone*.¹³⁷

CAUSE-PA stands by its position that no rate increase is warranted in this proceeding.¹³⁸ However, if any increase is awarded, the Commission should adopt – at most – the ROE recommended by OCA in this proceeding and consider the principles outlined by the Governor to determine whether a further reduction in ROE is warranted.¹³⁹

5. Reply to Peoples Exception No. 18: Additional funding is necessary to support the additional 75 LIURP customers recommended in the RD.

In its Exception 18, Peoples argues that the ALJ erred by recommending the Company be required to serve an additional 75 households per year through LIURP without increasing its annual budget.¹⁴⁰ Peoples requests that the Commission “revise the RD to either reject the proposal to serve an additional 75 LIURP customers or grant the associated budget increase necessary to serve these customers.”¹⁴¹ As explained in CAUSE-PA’s Exception 5, CAUSE-PA agrees additional funds are necessary and recommends that Peoples’ LIURP annual budget be increased by \$975,000 to accommodate the additional services, as the budget is already inadequate to meet growing need for LIURP services.¹⁴²

¹³⁶ Fed. Power Comm’n v. Hope Nat. Gas Co., 320 U.S. 591, 602-603 (1944).

¹³⁷ Bluefield Waterworks & Imp. Co. v. Pub. Serv. Comm’n of W. Va., 262 U.S. 679, 692-693 (1923) (emphasis added).

¹³⁸ CAUSE-PA MB at 17-25.

¹³⁹ CAUSE-PA Exceptions at 12-13.

¹⁴⁰ Peoples Exceptions at 32-33.

¹⁴¹ Id. at 33.

¹⁴² CAUSE-PA Exceptions at 21-22; CAUSE-PA MB at 92-93; CAUSE-PA RB at 52-53.

6. Reply to Peoples Exception No. 20: This Exception is procedurally defective and unsupported.

The Commission's regulations require that "[e]ach exception must be numbered and identify the finding of fact or conclusion of law to which exception is taken and cite relevant pages of the decision. Supporting reasons for the exceptions shall follow each specific exception."¹⁴³ Further, "Statements of reasons supporting exceptions must, insofar as practicable, incorporate by reference and citation, relevant portions of the record and passages in previously filed briefs."¹⁴⁴

Peoples Exception 20 provides a bulleted list of what it categorizes as areas of the RD that require clarification.¹⁴⁵ However, this laundry list of grievances with the RD goes far beyond requesting clarification – seeking instead to fundamentally disrupt numerous findings within the RD. As such, CAUSE-PA submits that Peoples' Exception 20 should not be considered, as it attempts to advance improper, unnumbered exceptions without supportive rationale or citation to briefs, in clear contravention of the Commission's procedural rules – making it exceedingly difficult for parties to respond. The Commission cannot simply cure this procedural defect, as doing so would impact the rights and ability of parties to respond.

Notwithstanding these procedural defects and CAUSE-PA's objections thereto, CAUSE-PA notes its specific objections to Peoples' first bullet (requesting the Commission approve Peoples' request to be permitted to recover expenses in complying with other parties' proposals), third bullet (requesting approval of its proposed CAP fraud tariff provision), and fourth bullet (disputing the RD finding regarding its CAP participation levels).¹⁴⁶ CAUSE-PA's Exception 7 specifically addresses the RD's lack of conclusion regarding Peoples proposed CAP Fraud provision and

¹⁴³ 52 Pa. Code § 5.533 (b).

¹⁴⁴ 52 Pa. Code § 5.533 (c).

¹⁴⁵ Peoples Exceptions at 33-34.

¹⁴⁶ Peoples' Exceptions at 34.

explains that this provision risks dangerous subjectivity where there is no evidence that it is necessary, nor that Peoples' existing policies are insufficient to fully address suspected fraud.¹⁴⁷

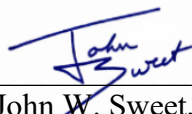
It is also improper for Peoples to request additional funding through an unnumbered, unspecified exception with no additional details or rationale. Further, as explained in CAUSE-PA's Main Brief and Reply Brief, approximately 70% of its confirmed low income customers and 75% of its estimated low income customers are not enrolled in CAP.¹⁴⁸ These customers are served under the same rates as all other general residential rate classes, already face unaffordable energy burdens at current rates and cannot afford to support any additional rate increase.¹⁴⁹

Peoples' Exception 20 should be rejected. It amounts to no more than an airing of grievances in unnumbered, unsupported exceptions without any supporting rationale.

III. CONCLUSION

For the reasons set forth above, CAUSE-PA respectfully asserts that the Commission should reject the Exceptions of RESA, OSBA, and Peoples and adopt CAUSE-PA's positions.

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
*Counsel for CAUSE-PA*¹⁵⁰



John W. Sweet, Esq., PA ID: 320182
Ria M. Pereira, Esq., PA ID: 316771
Elizabeth R. Marx, Esq., PA ID: 309014
Lauren N. Berman, Esq., PA ID: 310116
Levi A. Phillips, Esq., PA ID: 338477
118 Locust Street
Harrisburg, PA 17101
pulp@putilitylawproject.org

Date: October 22, 2026

¹⁴⁷ CAUSE-PA Exceptions at 24.

¹⁴⁸ CAUSE-PA MB at 41; CAUSE-PA RB at 51.

¹⁴⁹ CAUSE-PA RB at 51

¹⁵⁰ Peoples MB at 143-145.