The Cost of Heat

BUILDING DECARBONIZATION COALITION

What Pennsylvania's gas spending is costing customers, and what to do about it

Pennsylvania households pay more for gas service every year. The reason is not the price of gas. It is the cost of the system being built around them. *The Cost of Heat* examines what the state's six largest gas utilities, which own 97% of Pennsylvania's gas infrastructure, have spent since 2013 and what customers will pay for it.

1 Most of your gas bill pays for pipes, not gas.

Two-thirds of a typical gas bill covers infrastructure. Only one-third pays for the gas itself. The average year-round monthly gas bill is up 67% over the past decade. Customers are paying for more system than they use.

- **Require utilities to show why a project is needed before it is approved.**
- **Require long-term planning that accounts for what customers actually use.**

2 Act 11 let utilities spend $11 billion with little public scrutiny.

The 2012 law created an open-ended accelerated pipeline replacement program. The Big Six spent $11 billion under it from 2013 to 2025. Annual spending grew from about $311 million in 2013 to $1.51 billion in 2025. Over roughly the same period, the gross value of their gas assets more than doubled, from about $10 billion to $22.6 billion. Customers are projected to pay $18 billion to $30 billion over the life of those assets, including the returns utilities earn on them.

- **Narrow accelerated cost recovery to safety-critical work.**
- **Set an end date for Act 11 authority and lower the surcharge cap over time.**
- **Require utilities to compare repair, replacement, and non-pipeline options before approval.**

3 Replacement costs have more than doubled, and the leaks are still there

A mile of replacement pipeline cost $2.8 million in 2025, up from $1.2 million in 2014. Replacing a gas main like-for-like runs $17,000 to $92,000 per customer depending on the utility. Pennsylvania now carries about $7,150 of gas infrastructure per customer, roughly $2,150 above the national median. After $11 billion in accelerated spending, 13.2% of the Big Six's gas mains are still leak-prone, compared with 3.5% nationally.

- **Prioritize replacement by actual safety risk, not by program targets.**
- **Limit closed-door rate settlements and disclose the assumptions behind them.**
- **Standardize what utilities report so spending and results can be compared across companies.**

4 Nearly one in four Pennsylvania households has trouble paying their energy bills.

The number of customers in debt to their utility rose 11% between 2022 and 2024. Meanwhile, gas utilities earn returns of 10% to 15% on equity. The state consumer advocate recommends only 8.5% to 9.5%.

- **Bring approved returns on equity in line with what the consumer advocate recommends.**
- **Strengthen customer assistance, arrearage relief, and shutoff protections.**
- **Direct avoided infrastructure spending toward bill relief in high-burden communities.**

5 Pennsylvania already has the workers to build lower-cost options.

The state's thermal workforce is 141,385 strong, including 59,471 workers in the fossil fuel sector and about 81,904 building energy contractors. Gas utility workers who install and maintain mains and services can perform comparable work on thermal energy networks, which use similar pipes and installation methods. And a driller working primarily on oil and gas projects today can increasingly apply similar expertise to geothermal wells and borefields with targeted retraining. These transferable skills can help retain experienced workers while expanding the workforce needed for the thermal transition.

- **Pair infrastructure investment with training and apprenticeship pipelines.**
- **Apply strong labor standards to large projects and provide technical support to small contractors.**
- **Authorize thermal energy networks and launch neighborhood-scale pilots where aging pipe is already scheduled for replacement.**

What is at stake

Pennsylvania is deciding whether to maintain its accelerated spending pattern on the aging gas system. Every mile approved today commits customers to decades of payments, and those payments outlast the people who approve them. The choices in front of the legislature and the PUC are practical ones. Spend where safety requires it. Compare the options before committing ratepayer money. Tell customers what they are buying and what it will cost them. Pennsylvania has the workforce and the energy expertise to build the cost-effective, thermal alternatives that will protect ratepayers today and in the future.

Read the full report at buildingdecarb.org/cost-of-heat-pa