

# PHILADELPHIA GAS WORKS

## Notice of Proposed Distribution System Improvement Charge Increase

### To Our Customers:

Philadelphia Gas Works (PGW or the Company) has filed a request with the Pennsylvania Public Utility Commission (PUC) to permit it to increase the maximum charge permitted under its Distribution System Improvement Charge (DSIC) from 5% to 7.5% of distribution revenues, and to make other technical changes. If granted, these changes would increase your distribution charge and is proposed to go into effect as of January 1, 2016. PGW's current DSIC, which was approved by the PUC in 2013 after the Pennsylvania General Assembly passed Act 11 of 2012, was designed to encourage the modernization of natural gas system infrastructure (e.g. pipes serving customers). Increasing the DSIC from 5% to 7.5% will fund an increased level of pipe replacement. This increase will help PGW ensure and maintain adequate, efficient, safe, reliable and reasonable service. This notice describes the Company's rate request, the PUC's role, and what actions you can take.

The Company has requested an annual rate increase of approximately \$11 million for distribution service charges in excess of the amount currently authorized in its DSIC. If PGW's entire request is approved, the total bill for a typical General Service (GS) Residential Heating Customer using 83 thousand cubic feet (Mcf) of natural gas per year would increase from \$99.78 to \$101.43 per month or by approximately 1.7%.

The total bill for a typical GS Commercial Heating Customer using 363 Mcf of natural gas per year would increase from \$350.46 to \$355.77 per month or by approximately 1.5%.

The total bill for a typical GS Industrial Heating Customer using 943 Mcf of natural gas per year would increase from \$905.95 to \$919.62 per month or by approximately 1.5%.

The total bill for a typical Municipal Service (MS) Heating Customer using 1,273 Mcf of natural gas per year would increase from \$1,040.95 to \$1,055.10 per month or by approximately 1.4%.

The total bill for a typical Philadelphia Housing Authority (PHA) Heating Customer using 677 Mcf of natural gas per year would increase from \$607.69 to \$616.50 per month or by approximately 1.4%.

To find out your customer class or how the requested change may affect GS, MS and PHA bills, contact PGW at 215-235-1000 or review the Basic Charges section of your PGW bill. A sample PGW bill including an explanation of sections and charges is available in the Customer Care section of PGW's website at <http://www.pgworks.com>. The rates requested by PGW may be found in PGW Gas Service Tariff Number 2 – Supplement No. 85, which is available in the About Us section of PGW's website. You may examine the material filed with the PUC, which explains the requested change and the reasons for it.

**Please see reverse side**

A copy of this material is available on PGW's blog at <http://www.pgworks.com/blog>, and is kept at PGW's Main Office at 800 W. Montgomery Avenue, Philadelphia, PA, and can be reviewed Monday through Friday from 9 a.m. to 5 p.m. Upon request, the Company will send you a statement of reasons for the filed changes in PGW Gas Service Tariff Number 2 – Supplement No. 85 explaining why the Company requested the rate change.

## **The PUC's Role**

The state agency which approves rates for public utilities is the PUC. The PUC will examine the requested rate change and can prevent existing rates from changing until it investigates and/or holds hearings on the request. The Company must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some, or none of the request or may reduce existing rates.

The PUC may change the amount of the rate change requested by the utility for each customer class. As a result, the rate charged to you may be different than the rate the Company requested.

## **Actions You Can Take**

There are three ways to challenge a requested rate change:

1. **You can file a formal complaint.** If you want a hearing before a judge, you must file a formal complaint. By filing a formal complaint, you assure yourself the opportunity to take part in hearings about the rate change request. If no formal complaints are filed, the PUC may grant all, some or none of the request without holding a hearing before the judge.
2. **You can send the PUC a letter telling why you object to the requested rate change.** Sometimes there is information in these letters that makes the PUC aware of problems with the Company's service or management. This information can be helpful when the PUC investigates the rate request.

Send your letter or request for a formal complaint form to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265. Complaint forms can also be accessed at the PUC Website in Adobe Acrobat Format: [http://www.puc.state.pa.us/general/onlineforms/pdf/official\\_complaint\\_form\\_final.pdf](http://www.puc.state.pa.us/general/onlineforms/pdf/official_complaint_form_final.pdf)

3. **You can be a witness at a public input hearing.** Public input hearings are held if the PUC opens an investigation of the Company's rate change request and if there are a large number of customers interested in the case. At these hearings you have the opportunity to present your views in person to the PUC judge hearing the case and the Company representatives. All testimony given "under oath" becomes part of the official rate case record. These hearings are held in the service area of the Company. Please look for Public Notice of the time and place of hearings.

For more information call the PUC at 1-800-692-7380. You may leave your name and address so you can be notified of any public input hearings that are scheduled in this case.

Philadelphia Gas Works  
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215-235-1000

