

PHILADELPHIA GAS WORKS

NOTICE OF PROPOSED GAS COST RATE DECREASE

To Our Customers:

As part of its annual Gas Cost Rate (GCR) filing, Philadelphia Gas Works (PGW) is filing a request with the Pennsylvania Public Utility Commission (PUC) to decrease the GCR portion of your bill effective September 1, 2015. Customers are notified of the annual rate decrease or increase by providing this notice for the annual GCR filing on March 1st. PGW is requesting a projected rate decrease of \$1.5075 per one thousand cubic feet (Mcf) based upon a comparison between the GCR effective December 1, 2014 (\$5.9976 per Mcf) and the projected rate in its annual GCR filing (\$4.4901 per Mcf). This notice describes PGW's gas cost rate request, the PUC's role, and what actions you can take.

The GCR is designed to recover the cost of natural gas that PGW purchases from gas suppliers. The rate will be recalculated to show actual costs on a quarterly basis. Customers are notified of this quarterly rate recalculation by a message on each customer's bill after the dates of each quarterly filing. The quarterly filing dates are March 1, June 1, September 1, and December 1. The rate may change if the recalculated rate is different by more than 2% from the rate that is approved.

PGW Gas Cost Rate Decrease

PGW has requested an overall rate decrease of approximately \$66.5 million per year. 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 decrease from \$108 to \$98 per month or by approximately 9.6%.

The total bill for a typical GS Commercial Heating Customer using 364 Mcf of natural gas per year would decrease from \$388 to \$342 per month or by approximately 11.8%.

The total bill for a typical GS Industrial Heating Customer using 946 Mcf of natural gas per year would decrease from \$996 to \$878 per month or by approximately 11.9%.

The total bill for a typical Municipal Service (MS) Heating Customer using 1,273 Mcf of natural gas per year would decrease from \$1,176 to \$1,016 per month or by approximately 13.6%.

The total bill for a typical Philadelphia Housing Authority (PHA) Heating Customer using 677 Mcf of natural gas per year would decrease from \$677 to \$592 per month or by approximately 12.6%.

To find out your customer class or how the requested decrease may affect GS, MS and PHA bills, contact PGW at 215-235-1000.

Please see reverse side

The rates requested by PGW may be found in PGW Gas Service Tariff Number 2. You may examine the material filed with the PUC, which explains the requested decrease and the reasons for it. A copy of this material 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. It is also available at www.pgworks.com.

The PUC's Role

The PUC is the state agency that approves rates for PGW. The PUC will examine the requested rate decrease and can prevent existing rates from changing until it investigates the request. PGW must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some, or none of the request.

The PUC may change the amount of the rate decrease requested by PGW for each customer class. As a result, the rate charged to you may be different than the rate requested by PGW and shown above.

Actions You Can Take to Challenge PGW's Request to Decrease its Rates

- 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 decrease request. All complaints should be filed with the PUC before September 1, 2015. If no formal complaints are filed, the Commission may grant all, some, or none of the request without holding a hearing before a judge.
- 2. You can send the PUC a letter telling why you object to the requested rate decrease.** Sometimes there is information in these letters that makes the PUC aware of problems regarding PGW's service or management. This information can be helpful when the PUC investigates the rate request.

Send your letter or request for a formal or informal 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

You may also call the PUC at 1-800-692-7380.



Philadelphia Gas Works
800 W. Montgomery Avenue
Philadelphia, PA 19122
215-235-1000