

Peoples Natural Gas Rate Changes

Effective January 1, 2012

What? The Gas Cost Rate, Merchant Function Charge, and Universal Service Charge are changing. These changes will result in a decrease to customer bills.

Changes to the Unbundled Gas Cost Rate Components, Effective 1/1/12

- **Capacity Charge** increases from \$0.4648/Mcf to \$0.4695/Mcf for most customers.
- **Gas Cost Adjustment Charge** (also known as the Migration Rider) increases from \$0.1650/Mcf to \$0.5970/Mcf.
- **Natural Gas Supply Charge** (commodity) decreases from \$4.8867/Mcf to \$4.0930/Mcf.

General Questions

What's Happening with Peoples' Rates in Jan. 2012?

- Three components of the Quarterly Gas Cost Rate will change on January 1, 2012:
 - The Capacity Charge will increase to \$0.4695/Mcf for Residential, Large Commercial, and Industrial Customers
 - The Capacity Charge will increase to \$0.4424 for Commercial Small customers.
 - The Gas Cost Adjustment Charge will increase to \$0.5970/Mcf;
 - The Commodity Charge will decrease to \$4.0930/Mcf.
- The Merchant Function Charge is also changing:
 - \$0.1847 for residential customers
 - \$0.0380 for small commercial customers
 - \$0.0382 for large commercial and industrial customers
- The Universal Service Rider for residential customers will decrease to \$0.2841/ Mcf.

How much will my bill go down?

We expect monthly bills will decrease about 4% for customers who purchase their gas supply from Peoples.

Why did the cost of natural gas go down?

Traditionally, the price of natural gas on the national level fluctuates, just like the price of other commodities on the open market. The Gas Cost rate represents Peoples' actual cost of buying natural gas supplies for customers. It's a straight dollar-to-dollar pass through of gas costs. We do not make a profit on the cost of gas itself.

Other than changes related to gas costs, are there other changes?

The Universal Service Rider for residential customers is modified quarterly to recover costs associated with Universal Service programs such as CAP (Customer Assistance Program) and LIURP (Low Income Usage Reduction Program).

Since this is a pass-through of gas costs, is there any incentive for Peoples to keep gas costs low?

Peoples is required by law to buy the most reliable gas supply at the lowest available cost. Peoples does and will continue to search for lowest-priced gas.

I wish I could buy my gas somewhere else. Are there any other options?

You have the opportunity to select the gas supplier of your choice under Peoples' Energy Choice Program. Peoples will still deliver the gas, but you can decide from whom you purchase the gas. You will have to decide which supplier has the best offer. You can obtain the list through our Web site at www.peoples-gas.com.

Will the price of gas continue to change?

The price of natural gas fluctuates just like the price of other commodities on the open market.

I'm having trouble paying my bill. What can I do?

We can arrange budget or special payment plans, or we can help you apply for energy assistance programs. If you are income-eligible, you can apply for the Customer Assistance Program, the Dollar Energy Fund, the Low Income Home Energy Assistance Program or LIHEAP-Crisis. Please call us at 1-800-400-WARM (9276) for details, eligibility requirements and enrollment information.

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Retail Sales Service Customer Questions

How much are gas costs going down?

The pricing changes will be effective January 1, 2011. The new total gas cost rate, including the merchant function charge, for residential customers is \$5.3442/Mcf, or a decrease of \$0.3697/Mcf, from the previous pricing effective October 1, 2011. This change, plus the decrease in delivery charge for residential customers, means the average residential customer will pay about \$3.00 less per month.

Will these changes affect my monthly budget amount?

Your budget amount is influenced by many factors, including the amount of gas you've used in the past, how much gas we project you will use, as well as current and expected gas costs.

When can I expect a change in my monthly budget amount?

You will be notified through your statement whenever your budget amount changes.

What is the Commodity Charge Adjustment on my bill?

You are a Non Priority 1 customer. You and other NP1 customers who had been buying gas from another supplier for more than 12 months, and then reverted to Peoples for your gas supply needs, are subject to the Commodity Charge Adjustment. This adjustment is based on the current cost of gas. It is updated monthly in accordance with changing gas prices. This Commodity Charge Adjustment allows Peoples to charge the customer a rate close to market prices. It applies for a maximum of twelve consecutive months. Customers who receive the Commodity Charge Adjustment will not receive the Gas Cost Adjustment.

Commodity Charge Adjustment effective September 3, 2011: \$0.0000

NOTE:

NP1 customers are usually commercial customers who do not need gas to serve human needs. The Commodity Charge Adjustment does not apply to residential customers.

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