

NOTICE OF PROPOSED PURCHASED GAS COST RATE CHANGES



To Our Customers:

Peoples and Peoples– Equitable Division are filing a request with the Pennsylvania Public Utility Commission (“PUC”) to increase your natural gas rates as of October 1, 2016. This notice describes the company’s rate request, the PUC’s role, and what actions you can take.

The Company has requested an overall combined rate increase of \$22.3 million per year. If the company’s entire request is approved, the total bill for a Peoples Division residential customer using 90 Mcf per year would increase from \$64.28 to \$67.77 per month or by 5.4%.

The total bill for a Peoples Division commercial customer using 282 Mcf per year would increase from \$140.68 to \$150.68 per month or by 7.1%.

The total bill for a Peoples Division industrial customer using 4,795 Mcf per year would increase from \$2,140.36 to \$2,303.27 per month or by 7.6%.

To find out your customer class or how the requested increase or decrease may affect your natural gas bill, contact Peoples at 1-800-764-0111. The Peoples Division rates requested by the company may be found in Tariff Gas – PA PUC No. 45. You may examine the material filed with the PUC which explains the requested increase and the reasons for it. A copy of this material is kept at the Company’s office and is available on the Company’s website at www.peoples-gas.com.

The state agency which approves rates for public utilities is the PUC. The PUC will examine the Company’s requested rate increase 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.

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

There are three ways to challenge a company's request to change 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 increase request. All complaints should be filed with the PUC as soon as possible. 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 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 they investigate 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.**

3. You can be a witness at a public input hearing. Public input hearings are held if the Commission opens an investigation of the company's rate change request and if there is 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.

