



NOTICE OF PROPOSED PURCHASED GAS COST RATE CHANGES FOR PEOPLES EQUITABLE DIVISION CUSTOMERS

Each March, all natural gas distribution companies in southwestern Pennsylvania, including Peoples companies, are required to provide the Public Utility Commission and customers with an estimate of what the anticipated cost of the natural gas commodity will be on October 1st of that year.

If Peoples supplies your natural gas, then approximately 50% of your bill is covering the cost of the natural gas we purchase for your use. The exact cost of the purchased gas is passed along and Peoples does not make any profit on this portion of your bill. We are required to have a mix of supply sources that result in the least expensive and most reliable natural gas cost for our customers. We are consistently providing you with some of the lowest natural gas bills in the state.

This year, we anticipate the cost of natural gas on October 1, 2017 will be slightly higher than it is today. A breakdown of our anticipated increases and the effect it will have on your bill is bulleted below.

- The overall anticipated *increase* for Peoples Equitable Division customers is approximately 6.7%
 - The monthly bill for an average residential customer using 90 Mcf per year could increase from \$72.54 to \$80.04, or by \$7.50 per month.
 - The monthly bill for an average commercial customer using 163 Mcf per year could increase from \$110.46 to \$123.59, or by \$13.13 per month.
 - The monthly bill for an average industrial customer using 1,076 Mcf per year could increase from \$738.93 to \$831.13, or by \$92.20 per month.

These cost projections will be examined by the Pennsylvania Public Utility Commission. Many different, rapidly changing factors will affect the cost of the natural gas commodity between now and this fall. It is highly unlikely that you will see these exact rates on October 1st. In the meantime, Peoples will continue to adjust the purchased gas cost portion of your bill on a quarterly basis to true up any variations in the actual cost of the natural gas we purchased and the amount you paid.

This regulatory process can be confusing. We encourage you to contact us with any questions.