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FROM THE Philadelphia Gas Works • 800 West Montgomery Avenue • Philadelphia, PA 19122

For Immediate Release

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PGW FILES REQUEST WITH REGULATORS TO INCREASE DISTRIBUTION BASE RATES

\$70M request will reduce the overall cast iron main inventory replacement time by 14%.

(Philadelphia, Pa. – February 28, 2020) – Philadelphia Gas Works (PGW) today announced that it has filed a base rate case with the Pennsylvania Public Utility Commission (PUC). PGW has requested an overall rate increase of \$70 million per year. The requested cost will help support PGW’s ongoing and proactive Pipeline Improvement Program and operations essential to maintaining a safe, reliable and environmentally responsible natural gas system.

In the event that the full amount of the proposed rate increase requested is granted, the total bill for a residential customer using 75 thousand cubic feet (Mcf) per year would increase from \$99.52 per month to \$110.68 per month or by 11.2%.

“Natural gas is the cleanest, most reliable energy choice to affordably meet Philadelphia’s energy demands,” said Craig White, President and CEO of PGW. “As Philadelphia’s exclusive natural gas provider for 184 years, we understand the importance of our infrastructure and the vital role it plays in supporting the City’s economic and social impact, as well as our community’s environmental goals. We continue to invest in upgrading our infrastructure so our customers can continue to rely on us for safe, reliable natural gas service.”

Currently PGW is projecting that it will replace all cast iron main inventory in approximately 40 years. When \$70 million in rate relief is factored in, the associated increases in the increased Distribution Service Improvement Charge will result in all cast iron main inventory being replaced in 34.6 years – a reduction of 14% compared to current projections.

Despite saving millions, and cutting spending and adding millions in new revenue, the basic costs of doing business continue to rise. Utilities, like PGW, have three ways to keep the system safe, reliable and efficient:

- Uncover new sources of revenue;
- Cut costs and increase efficiencies; and
- Raise rates.

Most of PGW’s residential revenue comes from home heating. Improved building and weatherization techniques, more efficient appliances and warmer weather patterns mean less revenue. This rate request will improve PGW’s ability to sustain the company’s financial well-being, continue to

enhance customer service and meet the energy demands of customers while maintaining a safe, reliable natural gas delivery system.

“We recognize that many of our customers fall below the federal poverty line and lack financial stability. Since our 2018 fiscal year, we allocated \$126.9 million to support those customers in need,” said White. “PGW is planning to expand access to assistance programs to more customers and offer even more flexibility, as well as the insights they need to monitor their own consumption. Along with our low-income programs this approach helps keep natural gas affordable for all.”

PGW understands the financial hardships our customers face and the company is pursuing new revenue streams to help lessen that burden. In June 2019, Philadelphia City Council approved our Passyunk Plant P3 LNG expansion project with Passyunk Energy Center. Our project partner Passyunk Energy Center LLC will market and sell LNG, opening the door for a potential new revenue stream to PGW. This revenue will be reinvested right back into PGW– helping to keep rates low.

PGW has produced LNG for approximately 50 years. In that time, the use of LNG reserves at our Passyunk and Port Richmond facilities has saved PGW customers nearly \$4 billion.

PGW is requesting that the new gas rates take effect on April 28, 2020. We encourage our customers to take advantage of the variety of financial assistance programs and grants available.

For more information, on PGW’s base rate filing, please visit puc.state.pa.us

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Founded in 1836, The Philadelphia Gas Works (PGW) is owned by the City of Philadelphia and is the largest municipally owned gas utility in the country. It manages a distribution system of approximately 6,000 miles of gas mains and service pipes supplying approximately 500,000 customers. PGW's operations are managed by a non-profit corporation, the Philadelphia Facilities Management Corporation (PFMC). More information about the company is available at www.pgworks.com.