



Peoples supports House Bill 107 as a way to increase access to natural gas service across the Commonwealth, allowing residents and businesses alike to reap the economic benefits of this valuable natural resource.

Natural Gas Facts

- Natural Gas is convenient, affordable and economical
 - Only about half of Pennsylvania homes are currently heated with Natural Gas.
 - Compared to propane, fuel oil and electricity, natural gas can save consumers thousands of dollars on annual energy bills.
 - Production of local gas benefits the region's economy by providing jobs in natural gas production and providing low cost energy for homes and businesses.

Peoples' Programs - Expanding Access to Natural Gas Is Challenging

- Dozens of existing nearby unserved communities exist in the Peoples service territory. Efforts to bring natural gas to these neighborhoods included:
 - Service Expansion Tariff (Rate SET – pilot 2015) provided flat monthly fees for mainline extensions and service lines. This Pilot did not generate sufficient enrollments due to customer confusion and payment terms.
 - Revised Expansion Program (Rate MLX - 2016) replaced upfront contributions from customers by using a higher delivery rate to support project costs. While natural gas service was made available to 1,500 existing homeowners and businesses only 235 converted, barriers remain.
- Upfront costs of conversion prevent customers who would most benefit from access to more affordable energy from making the switch.
 - Gas pipeline extension costs may require converting customers to pay upfront fees, higher monthly fees or higher than normal delivery rates for access to gas service.
 - Upfront natural gas equipment conversion costs can also be a barrier. A conversion from fuel oil can cost between \$4,000 to \$6,000. A propane to natural gas conversion can cost \$500 or more. In addition to appliance costs, in-house piping costs are typically \$1,000 or more.

HB 107 Addresses These Barriers

- Establishes a Distribution System Extension Charge (DSEC)
 - A portion of gas pipeline extension costs are recovered.
 - Rebates for upfront costs of in-house piping and natural gas equipment help off-set costs for converting customers, allowing them to benefit from low cost natural gas service.
- Consumers are protected.
 - DSEC proposals are filed with the PUC and subject to investigation and evidentiary review.
 - Projects must be in the public interest, be economically feasible and cannot unreasonably burden existing customers.
 - DSEC may not exceed 2.5% of the NGDC's total distribution charges.
- Customer Rate Impact – **Less than \$0.30 per month** for typical residential customer.