

WINTER
2009

Third Party Transportation Natural Gas Benefits Customers



A **Third Party** offers natural gas at the negotiated price.

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PGW delivers the natural gas from the city gate to the burner tip.

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You win with the best gas rate and more flexibility.

Third party transportation is the process of delivering natural gas from a third party supplier through the local or regional utility's distribution system to the customer. Not only can facilities save money by choosing third party transportation, they can also use pricing tools, allowing them to budget for extended time periods.

What is third party transportation?

Third party transportation is the ability for facilities to purchase natural gas from a source other than the local or regional utility.

Transportation refers to "transporting" a third party supplier's product (natural gas) through the local or regional utility's natural gas distribution system. Natural gas is supplied to a utility from a pipeline supply source to the city gate (which is the beginning of the utility's territory). Gas is then delivered by the utility to the facility, from the city gate to the burner tip. When a customer opts for a transportation rate, the utility only charges for the cost of delivery, as per their tariff rate.

How does it work?

Third party transportation simply separates the cost of the commodity of natural gas from the cost of distributing it. This benefits you, as the customer, because you now have the freedom to choose the supplier with the most favorable prices who can meet your business needs. In essence, the customer replaces PGW's natural gas supply with another supplier's, while still utilizing PGW's distribution system.

Natural gas is supplied starting on the first of the month by the approved supplier of your choice. PGW charges a transportation rate that is paid on a monthly basis, pursuant to a contract

that is based on the load profile or the volume used. Thus, the facility receives two bills —one for the natural gas and one from PGW for transporting it to the burner tip.

Why would utilities allow competition?

Third party transportation is healthy partnering. It provides new service opportunities for both customers and the suppliers. Some of the benefits to customers include savings, flexibilities and the ability to take advantage of pricing tools — such as fixed pricing and other hedging techniques— that normally are not available with the utility.

Continued on back page

Benefits Of Third Party Transportation

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Who qualifies?

A customer can choose PGW's Interruptible Transportation (IT) Rate when the customer has the option to switch between natural gas and an alternative fuel source. The customer can switch at any point in time it is more cost-effective than the other, as long as they meet their PGW contract requirements. Any facility in the PGW system that has an alternative fuel like heating oil, propane or any other type of fuel that is 100 percent sustainable from natural gas supply, can qualify for the IT program. Eligible facilities include schools, office complexes, hospitals, nursing homes, small businesses, etc.

Is it here for the long term?

Natural gas third party transportation has been in existence since the mid 1980's and continues to grow. The infrastructure for third party supply has continued to develop and mature, providing a stable history of a supply trend that is only expected to grow.

Can my facility save money?

Absolutely! PGW has identified several options to offer customers big savings. The first step is submitting your historical usage to a qualified supplier representative. PGW can assist with analyzing historical data to determine approximate savings. Next, the supplier can discuss various pricing options available.

How do I get started?

Call PGW's Major Accounts team at (215) 684-6671. They will provide all the information you need to begin the process of evaluating if third party transportation can save you money and if it's the best choice for your business.

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PGW Stresses Sustainability



*From left:
Rebecca Carroll (Market Manager, Major Accounts) and Scott Dever (Major Account Executive) explain both the environmental and economic benefits of heating and cooling with natural gas.*

PGW joined Temple University as Temple hosted its first Campus Sustainability Day on Oct. 22.

In an effort to promote sustainability, the event featured demonstrations, exhibits and performances by student groups, schools/colleges and Philadelphia-area organizations that showed how everyone can contribute.

Questions about your bill? Contact PGW's Commercial Resource Center (CRC), 215-235-7077, Monday through Friday, 8 a.m. – 4:30 p.m.

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