

# FREQUENTLY ASKED QUESTIONS

## Purchased Gas Cost (PGC) Increase

Effective with the first bills received February 2018



### 1. What is the PGC (purchased gas cost)?

The PGC is one component of your gas bill and it represents the cost of the natural gas that Richmond Gas Works purchases for customers. By federal law, the wholesale price of natural gas is unregulated and fluctuates with market conditions. The PGC enables utilities to adjust on a regular basis the amount they charge their customers to reflect the actual cost of the natural gas used by those customers. Without the PGC, natural gas distribution companies would have to adjust their base rates much more frequently and those adjustments would be much greater.

### 2. What are the other components of my natural gas bill?

The monthly service charge or Customer Charge (\$12.98) and the distribution charge \$5.52/Mcf (\$.552/Ccf). These components have not changed.

### 3. Why has the Purchased Gas Cost increased?

The increase is due primarily to an extended cold snap along the East Coast and as a result of increased demand in the natural gas market in the northeast and New England states has resulted in an increase in the cost of natural gas for Richmond Gas Works.

By law, Richmond Gas Works must pass on the cost of natural gas purchased and delivered to customers, dollar for dollar, without any markup. Other components of the natural gas bill – the distribution charge and customer charge – are unchanged.

*This is found in the city of Richmond Code: Sec. 28-191. - Residential gas service (schedule RS as well as all other schedules). (2) Monthly rate. b ... This charge is for the costs associated with purchased gas or any gas used as a substitute for or supplement to purchased gas and is subject to monthly adjustments per thousand cubic feet for increases or decreases for any such cost. The Director of Public Utilities shall calculate the cost of natural gas each month and prepare a pro forma forecast of total gas commodity cost recovery balance for the end of the current fiscal year. The Director of Public Utilities may increase or decrease the purchased gas cost rate during the subsequent month to recover the cost of purchased gas by the end of the fiscal year. The Director of Public Utilities shall promptly notify the Chief Administrative Officer of changes to purchase gas cost rates.*

### 4. How do I calculate my usage to figure out what my natural gas bill is going to be?

For an average customer who uses 70 Ccf's (1 Ccf = 100 cubic feet) of natural gas per month, your natural gas bill may be calculated in the following way:

$$\begin{aligned} 70 \text{ Ccf} \times \$0.552 \text{ (distribution charge)} &= \$38.64 \\ 70 \text{ Ccf} \times \$0.525 \text{ (PGC rate)} &= \$36.75 \\ \$38.64 + \$36.75 + 12.98 \text{ (service charge)} &= \$88.37 \end{aligned}$$

Add natural gas tax where applicable

-more-

**5. What is the dollar amount that my gas bill will increase?**

A customer that uses 70 Ccf's of natural gas per month currently pays \$83.12

Beginning with the first bill in February 2018, that same customer will pay \$88.37, an increase of \$5.25.

**6. How will this increase affect customers under the Equal Monthly Payment Program (EMPP)?**

Customers currently on EMPP will not see an immediate change to their equal monthly payment for natural gas utility service. However, when the equal monthly payment is recalculated in July, a customer on EMPP may see a change in the payment amount. This change is based upon whatever the difference is between the initial calculated amount of the customers' equal monthly payment and their actual gas usage during the current EMPP program year. Variables impacting this difference include changes in rates, including the PGC, and weather which impacts a customer's natural gas consumption.

**7. What programs does Richmond Gas Works have to help customers manage their monthly energy costs?**

- **Equal Monthly Payment Plan (EMPP)** – Enrolling in this plan allows residential natural gas customers to budget for energy expenses. Richmond Gas Works' EMPP establishes a fixed amount to be paid each month, allowing customers to avoid the high bills that typically occur during seasonal spikes in consumption. We encourage all residential customers to consider enrolling in EMPP as it is an excellent way to help minimize the impact of high winter heating bills. We also encourage you to contact other utility providers to see if they offer an equal monthly payment plan.
- **Use Energy More Efficiently** - Before the winter season, customers can take steps such as replacing older furnaces with more efficient models, caulking around doors and windows, installing programmable thermostats and adding insulation. For more information on energy saving tips for your home or business visit [www.richmondgov.com/dpu](http://www.richmondgov.com/dpu).

**8. Are there any assistance programs that I can apply for that will help me pay my bill?**

- **Low Income Home Energy Assistance Program (LIHEAP)** - This Federal program is available through the Virginia Department of Social Services (VDSS) (804) 726-7000. Enrollment for LIHEAP begins in October 2008. You may contact VDSS or your local department of Social Services to obtain a LIHEAP application form:
  - **City of Richmond Department of Social Services - Energy Hotline** (804) 646-7046
  - **Henrico County Department of Social Services Energy Assistance** (804) 501-4099
  - **Chesterfield County Energy Assistance Office** (804) 717-6825
- **The Metrocare Program** – This heating bill payment assistance program provides funds to eligible families and individuals who are having trouble paying their primary heating bills due to a financial difficulty or other special hardship. The program period began Dec. 15. Residents within Richmond Gas Works' service territory may apply for funds through MetroCare. For more information, call (804) 646-4646. Eligible applicants must live in Richmond Gas Works' service territory.
- **The Energy Care Program** - Enrollment for this program begins in December for residents in Richmond Gas Works' service territory. For those who meet the qualifications, this heating bill payment assistance programs provide funds to eligible families and individuals who are having trouble paying. This program is managed by Dominion Energy; call their Customer Service Center at 1-888-667-3000.

**9. Can I expect future increases in the PGC this year?**

Richmond Gas Works, in conjunction with City of Richmond Administration, periodically reviews and adjusts rates up or down based on a variety of factors including market and weather conditions. Rigorous measures are undertaken to keep natural gas utility costs as low as possible and, when Richmond Gas Works is able to pass along utility savings to our customers, we readily do so. It is important to note that the cost of the natural gas Richmond Gas Works purchases and delivers to its customers, is passed to our customers, dollar for dollar, without any markup.