

May 26, 2012

424 Seminole St.
E McKeesport, PA
15035

RECEIVED
2012 MAY 29 AM 10:39
P.A.P.U.C.
SECRETARY'S BUREAU

Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, PA
17105-3265.

RE: Peoples Gas Annual Cost Case complaint docket C-2012-2300419

Dear Sir:

I am in receipt of the response to this complaint from People's Natural Gas Company, and I take issue with several of the answers.

Let me point out two specific circumstances in which the company will in fact make a profit on the Gas Cost Adjustment Charge. According to Mr. Gregorini, and other correspondence I have from the Pennsylvania Public Utilities commission, the Gas Cost Adjust Charge really operates in 'arrears'. This is also clearly stated in a letter from the Peoples Natural Gas Company to me dated May 15, 2012.

1). A customer who has been purchased gas from a supplier other than People's Natural Gas Company for a period of more than 12 months returns to People's Natural Gas Company as natural gas supplier. The first 12 months after this customer switches back to Peoples Natural Gas Company, he will in fact be paying Gas Cost Adjustment Charges on Gas that Peoples truly did not provide. Either the Gas Cost Adjustment Charge operates in arrears, in which case Peoples makes money on this charge if the customer returns to Peoples Natural Gas as supplier, or it doesn't, in which case Peoples Makes money for 12 months on Gas they did not supply while purchasing gas from an alternate supplier.

. Peoples should not permitted to have it 'both' ways. By tariff, the Gas Cost Adjustment Cost is levied against all Natural Gas sales by the company in addition to transportation only customers for a period of 12 months. Either way, the customer is going to pay the Gas Cost Adjustment Charge for 12 months longer than Peoples provides Natural Gas. The Commission should act to close this loophole..

2). If the customers use of Natural Gas in the 12 month after changing Natural gas suppliers is higher than it was in the prior 12 months. Since the Gas Cost Adjustment Charge is levied against the current Natural Gas consumption, instead of the prior year's use, the company makes money on the Gas Cost Adjustment Charge because it is able to levy the charge against gas that the company never provided. This is a very likely scenario for me since last winter by all accounts was significantly warmer than is typical. More degree-days generally translates to more gas consumption. If next winter is in fact not as warm as the prior winter, Peoples Natural Gas will in fact be charging Gas Cost Adjustment Charge on more natural gas than they actually provided to customers. Since Peoples is well aware of the prior years gas consumption (they print it out on every bill in graphic form). I can see no reason they shouldn't be billing the Gas Cost Adjustment Charge based upon the gas quantities they actually provided. I.E. The Gas

Cost Adjustment Charge should be levied against the actual gas provided by the company rather than a surrogate value that may be higher or lower.

In both circumstances People's Natural Gas Company makes money on the Gas Cost Adjustment Charge, contrary to statements made by the company's representative.

The Commission should order that peoples bill Gas Cost Adjustment Charges only based upon prior year's gas consumption. In addition, the commission should order that customers who return to Peoples Natural Gas Company as gas supplier after a period of 12 months or more should be exempt from the Gas Cost Adjustment Charge for a period of 12 months. In addition 'new connections' who purchase Natural Gas from Peoples should also be exempt from the Gas Cost Adjustment Charge for a period of 12 months.

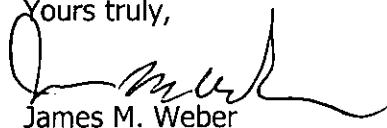
Nothing in Mr. Gergorini's response to the complaint alters the fact that in both the above situations the company will in fact make money off the Gas Cost Adjustment Charge.

It also remains clear that the company has no intention or providing training to the customer service agents about how the Gas Cost Adjustment Charge is levied upon 'transportation' only customers.

I also find it objectionable that the company is not 'up' front on the natural gas cost comparison, and does not point out to customers that the price they are comparing to is not accurate, because not only will they pay the Gas Cost Adjustment Cost on gas the company didn't supply in both cases described above, they will pay the Gas Cost Adjustment Charge on gas they currently purchase from Peoples Natural Gas. Nowhere does either the Public Utilities Commission Web site, or the Peoples Gas site warn customers about this cost that will be tacked on to the bill.

The company does not disclose in customer visible documents that the Gas Cost Adjustment Charge operates in 'arrears'.

Yours truly,



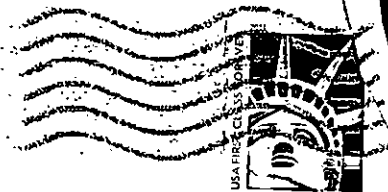
James M. Weber

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