



A PHI Company

Important Rate Information for Residential Natural Gas Customers

The Gas Cost Rate (GCR) component used in the calculation of your bill is increasing, effective with your usage on and after November 1, 2005, due to higher gas commodity costs.

With the November 1 rate change, a residential space heating customer who uses 120 centi-cubic feet (ccf) of gas per month in the winter should see a total bill increase of approximately 25.9 percent, from \$150.90 to \$189.86 per month. Effects of the increase will vary with your usage. Please see the rate chart inside for more details.

The GCR is a straight pass-through of wholesale costs of the gas used by our customers - the company does not make a profit from this portion of the bill. Wholesale costs for natural gas are volatile and have increased significantly over the past year. In addition, long-term forecast prices shifted dramatically as a result of Hurricanes Katrina and Rita, which damaged natural gas and oil production facilities in the Gulf Coast.

Also in effect with November 1 usage will be a change in the Environmental Surcharge, which will increase from \$0.000830 to \$0.001380 per centi-cubic feet (CCF) of gas used. This change will result in an overall monthly bill increase of seven cents or less than one percent for residential customers who use roughly 120 CCF of natural gas per month during the heating season.

The company is eager to assist customers in managing their energy costs, including offering a popular budget billing option, which helps to prevent wide variations in monthly heating bills. To sign up for budget billing, either sign up on the web at www.delmarva.com, or call our customer care representatives at (800) 375-7117. Customers are also encouraged to call in or visit the company web site for energy saving tips.

The proposed rates will go into effect on November 1; however, they may be subject to change after Public Service Commission review. You will be notified by bill insert of any change made to your rates.

Residential Gas Service

Residential Gas Service (RG)	Previous Rates	New Rates
Customer Charge	\$8.40 per mo.	\$8.40 per mo.
Delivery Charge	\$0.358170/CCF	\$0.358170/CCF
Space Heating: For each CCF in excess of 50 CCF per month, Oct. through May	\$0.305610/CCF	\$0.305610/CCF
Gas Cost Rate (GCR)	\$0.85917/CCF	\$1.18384/CCF
Environmental Surcharge	\$0.000830/CCF	\$0.001380/CCF

Gas Lighting Service (GL)

(assumes monthly usage of 15 CCF and includes GCR)	\$19.71 per light per mo.	\$24.58 per light per mo.
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Note: CCF = 100 cubic feet

The information contained in this bill insert has been prepared as a general guideline for our customers. The company's tariff, as filed and approved by the Public Service Commission, is the official document regarding all rates and rules and regulations affecting service. For further information and details, copies of the tariff are available by contacting Delmarva Power Customer Care or by visiting www.delmarva.com.