

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation of Pennsylvania’s Retail Natural Gas Supply Market : **Docket No. I-2013-2381742**
:

**COMMENTS OF PECO ENERGY COMPANY
ON THE COMMISSION’S FINAL ORDER**

I. INTRODUCTION

PECO Energy Company (“PECO” or the “Company”) hereby submits comments to the Pennsylvania Public Utility Commission’s (the “Commission”) December 18, 2014 Final Order¹, which prioritizes and finalizes specific action plans (including the establishment of working groups and regulations) for the Commission’s Retail Markets Investigation (“RMI”) of the natural gas industry. PECO appreciates the opportunity to comment on the immediate market enhancements to be investigated by the Office of Competitive Market Oversight (“OCMO”) – Natural Gas Supplier (“NGS”) disclosure requirements and the development of account number access mechanisms. PECO supports the Commission’s efforts to develop and implement measures that will increase customer participation in Pennsylvania’s retail natural gas marketplace. Accordingly, PECO looks forward to continuing to work with the Commission, OCMO and other stakeholders to ensure the sustainability, continued growth and success of natural gas retail competition in Pennsylvania.

¹ See the *Investigation of Pennsylvania’s Retail Natural Gas Supply Market*, Docket No. I-2013-2381742 (Final Order entered on December 18, 2014).

II. COMMENTS

A. NGS Disclosure Requirements

PECO agrees with the Commission that many of the concerns with variable rates, which prompted revisions to the electric disclosure rules, are relevant to the natural gas industry. (Final Order at 37). Any revisions to the natural gas disclosure rules should: 1) enhance the ability of customers to make knowledgeable and informed decisions about fixed and variable priced products in contracts; and 2) minimize customer confusion over these types of products. Therefore, to the greatest extent possible, revisions to the disclosure statements for natural gas customers should mimic the revisions recently adopted for electric customers.² This will avoid customer confusion, especially for those who receive electric and gas service.

While PECO believes that the disclosure requirements adopted for electric customers can be applied equally to natural gas customers, commenters³ to the Commission's Tentative Order⁴ stated that the rules should account for appropriate differences between the electric and natural gas markets/industries. Accordingly, PECO recommends that any such differences be fully explained and vetted in OCMO's stakeholder process.

² See *Final-Omitted Rulemaking Order: Rulemaking to Amend the Provisions of 52 Pa.Code, Section 54.5 Regulations Regarding Disclosure Statement for Residential and Small Business Customers and to Add Section 54.10 Regulations Regarding the Provision of Notices of Contract Renewal or Changes in Terms*, Docket No. L-2014-2409385 (Order entered on April 3, 2014).

³ The Office of Consumer Advocate ("OCA") (OCA Comments to the Tentative Order at 3), and the Pennsylvania Energy Marketers Coalition ("PEMC") (PEMC Comments to the Tentative Order at 3) both stated that the revisions to the gas disclosure rules should account for differences in the electric and gas markets.

⁴ See *Investigation of Pennsylvania's Retail Natural Gas Supply Market*, Docket No. I-2013-2381742 (Tentative Order entered on August 21, 2014) (hereinafter referred to as Tentative Order).

B. Development of Account Number Access Mechanisms

As stated in its Comments to the Commission's Tentative Order, PECO's Account Number Lookup Portal has not been widely used. (PECO Comments to Tentative Order at 9). PECO launched its Account Number Portal on May 15, 2014. As of January 25, 2015, PECO had received only 5,873 requests overall for account number lookups from a total of five Electric Generation Suppliers ("EGSs")⁵. Of these requests, 743 matched information contained in PECO's billing system. However, PECO's portal is designed to respond to account number inquiries only when the account number is not included in the Company's Eligible Customer List ("ECL"). Consequently, 465 of the 743 matches already were included in PECO's ECL. As a result, only 278 account number requests out of the entire 5,873 yielded successful results.

PECO believes that OCMO should weigh the costs of implementing these mechanisms against the benefits realized from the use thereof. In PECO's experience its electric portal cost \$215,632 and only has yielded 278 account numbers since May 2014. To date, the costs of implementing PECO's Account Number Access Portal have outweighed the benefits realized. Accordingly, OCMO should inquire as to the experiences of other Electric Distribution Companies ("EDCs") and EGSs in using such mechanisms before deciding to implement a similar requirement in this investigation.

C. Joint Bills

Regarding the adoption of a "joint bill" similar to the one developed in the Electric Retail Markets Investigation, PECO notes that it implemented its *Choice Friendly Bill* for both electric and natural gas customers in December 2014.

⁵ PECO currently has 87 active suppliers providing electric supply services to customers in PECO's service territory.

More specifically, on May 22, 2014, the Commission entered an Electric RMI Final Order⁶, which adopted changes to EDC bills, based on recommendations from OCMO. These changes developed a more supplier-oriented utility consolidated electric bill. Specifically, OCMO recommended the inclusion of the EGS's logo on the bill; the expansion of bill messaging space allotted to EGSs; and the inclusion of a Shopping Information Box. The Commission stated in the Electric RMI Final Order that these initiatives would aid customers in not only developing a stronger recognition of, and relationship with, their EGS, but would also increase customer awareness when participating in the competitive retail electric market. (Electric RMI Final Order at 1-2).

The joint bill enhancements that were adopted for electric customers may be appropriately applied to natural gas customers. In fact, PECO already has applied them to both its electric and natural gas bills. Because these initiatives: 1) can be equally applied to natural gas bills; and 2) were the result of an extensive and detailed industry analysis performed by OCMO, PECO requests that it be allowed to maintain the joint bill enhancements that it applied to its electric and gas bills in December 2014.

D. Cost Recovery

Some of the market enhancements being investigated in this Final Order may require Natural Gas Distribution Companies ("NGDCs") to incur additional costs if accepted. PECO requests that the Commission permit recovery of these costs in a manner similar to the recovery methodology allowed in the Electric RMI proceeding. Specifically, in the Electric RMI, the Commission permitted EDCs to recovery costs associated with the "inclusion of the EGS logo,

⁶ See *Investigation of Pennsylvania's Retail Electricity Market: Joint Electric Distribution Company – Electric Generation Supplier Bill*, Docket No. M-2014-2401345 (Final Order entered on May 22, 2014).

the expansion of bill messaging space and the inclusion of a Shopping Information Box...” from all customers.⁷ [Citation omitted]. The Commission believed that because these market enhancements benefitted all customers, they could be recovered from all customers. The Commission further stated:

We direct the EDCs to recover, on a full and current basis, the costs of implementation through a non-bypassable mechanism. Many of the EDCs referenced existing surcharges or riders through which recovery could occur. Other EDCs proposed the creation of surcharges meant for the recovery of retail enhancements. We agree with those proposals and direct the EDCs to submit revised tariffs or tariffs for new riders/surcharges, as applicable, for the recovery of the changes included in this Order.

(Final Order at 18).

Accordingly, NGDCs should be permitted to recover all reasonable costs incurred to implement these competition-related activities pursuant to existing tariff riders/surcharges or new tariff riders/surcharges, as applicable.

III. CONCLUSION

PECO appreciates the opportunity to comment on the Final Order and asks that the Commission favorably consider its comments. PECO looks forward to working with the Commission, OCMO and other stakeholders as the Investigation progresses.

⁷ *See Investigation of Pennsylvania's Retail Electricity Market: Joint Electric Distribution Company — Electric Generation Supplier Bill*, Docket No. M-2014-2401345 (Final Order entered on May 23, 2014).

Respectfully Submitted,

A handwritten signature in blue ink, appearing to be 'MS', written over a horizontal line.

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