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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation of Pennsylvania's Retail :
Natural Gas Supply Market : I-2013-2381742

M-2015-2474802

**INFORMAL COMMENTS OF PHILADELPHIA GAS WORKS
TO FINAL GAS RMI ORDER – JOINT NATURAL GAS DISTRIBUTION COMPANY-
NATURAL GAS SUPPLIER BILLS**

I. INTRODUCTION

In the Pennsylvania Public Utility Commission's ("Commission" or "PUC") Final Order issued on December 18, 2014 in this matter, the Commission requested informal comments with respect to a joint natural gas distribution company-natural gas supplier bill. PGW concurs with the informal comments provided by the Energy Association of Pennsylvania ("EAP"), and in addition states as follows:

II. COMMENTS

Pursuant to a Commission approved settlement, PGW is in the process of implementing a Purchase of Receivable/Consolidated Billing program. An update on its plans for consolidated bills is provided below, along with further comments on the specific issues raised in this proceeding. In general, while enhancements to promote supplier visibility on PGW bills are already underway, PGW would note that suppliers still have the option to bill their customers directly if they are interested in further developing their marketing and brand recognition through customer billing.

A. Current PGW POR development

PGW is currently developing new Purchase of Receivable and Consolidated Billing functionality, expected to launch by September, 2015. As part of this program, PGW is also incorporating additional aspects that are either explicitly addressed in the PUC's NGDC RMI proceeding regarding joint NGDC-NGS bills, or serve similar purposes of encouraging greater customer Choice shopping. These include:

1. Inclusion of black and white supplier logos on PGW bills for shopping customers;
2. A new supplier message section, for Suppliers to send communications directly to their shopping customers;
3. A new Shopping Information Box to be included on all customers' bills, to provide useful information for current and potential shopping customers.
4. A comprehensive Choice marketing campaign, including two rounds of direct mailers to all POR eligible customers, including a PGW cover letter and, if desired by suppliers, some form of supplier inserts.

B. NGS Logos on NGDC-NGS joint-consolidated bills

Although PGW is already implementing the ability to include supplier logos on consolidated bills, these are being established with specific specifications, including black and white format with size restrictions, to control cost impacts. Requiring color could have significant cost implications both in terms of one-time costs in changing how PGW's bills are currently printed and in ongoing bill printing costs. Any further changes to logos or placement could also result in increasing number of bill pages, printing, and postage costs. PGW proposes that discretion on supplier logo placement, dimensions, and colors remain with the NGDCs.

Additionally, given the inclusion of Accelerated Switching in this proceeding, PGW would also be concerned with any outcomes resulting in multiple supplier logos included on a single bill, which would increase costs further and lead to customer confusion.

C. Expansion of NGS Messaging Space

PGW is implementing a new supplier messaging space, which would meet the specifications as ordered in the Electric RMI proceeding. Anything beyond these limits would further increase PGW's bill pages, printing, and postage costs. Additionally, this space is strictly able to receive and include characters, not graphics.

D. Inclusion of a Shopping Information Box

Similarly, PGW is developing a new Shopping Information Box, based on the results of the Electric RMI proceeding. Anything beyond those specifics would have similar impacts on the company increasing billing operating costs. PGW would echo the issues raised in that proceeding regarding providing the utilities' discretion on the placement and content of the Shopping Information Box in order to manage effectiveness and costs. The Shopping Information Box should only contain shopping information - other details irrelevant to shopping should not be included in the box.

E. Inclusion of Value Added Charges

PGW strongly recommends against including any supplier non-basic charges on consolidated utility bills. PGW's own charges included on bills are currently limited to basic service. Any additional supplier charges included on utility bills would require additional tracking enhancements, including but not limited to payment priority and termination modifications, resulting in significant and costly system changes. In addition, PGW should not be responsible for the collection of supplier charges not associated with basic natural gas service.

F. Inclusion of NGS Inserts

As noted above, PGW has already undertaken a Choice marketing campaign, including potential direct mailers of supplier inserts. PGW will also be providing ongoing Choice customer education through web, phone, and district office channels.

PGW has several concerns regarding any further requirements for the inclusion of NGS inserts into consolidated-joint bills. The additional management and resources involved in sorting, tracking, and processing such inserts would result in increased costs incurred by the utility for the sake of individual supplier marketing. Even if the insert is for a supplier the customer has already chosen, an insert is purely a direct marketing tool and is unnecessary - the chosen supplier will already have an opportunity to communicate with the customer through our NGS messaging space, or could elect to deliver its own bill to the customer. In addition, exceeding bill weight limits would similarly increase postage costs. Further issues to address include PUC required inserts and information and PGW business communications, thus limiting availabilities for supplier inserts, as well as PGW printing and mailing vendors' ability to accommodate suppliers' printing or insert specifications.

G. Cost Recovery Mechanisms & Implementation Timeline

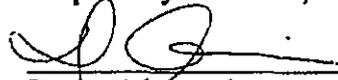
PGW recommends that all costs, both for initial system changes and ongoing operating expenses, *be fully and timely recoverable through a non-by-passable mechanism like a surcharge.* In addition, PGW recommends consideration be given towards suppliers sharing in such costs, especially as these initiatives serve supplier marketing purposes. Finally, PGW requests that the development of an implementation timeline for any requirements resulting from this proceeding

include consideration of utilities capabilities and concerns, as well as prioritization against other orders within the overall NGDC RMI proceeding.

III. CONCLUSION

PGW appreciates the opportunity to provide these informal comments on joint NGDC-NGS bills, and the Company looks forward to continue working with the Commission and other stakeholders on this critical issue.

Respectfully Submitted,



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