

NESI Integrated Energy
Resources, Inc.

A Subsidiary of NIPSCO Industries, Inc.

August 21, 1997

Mr. Ralph E. Dennis, Staff Assistant
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

Re: Kentucky Public Service Commission Report on Natural Gas Unbundling
in Kentucky: *"Exploring The Next Step Toward Customer Choice"*

Dear Mr. Dennis:

Enclosed for consideration are the written comments of NESI Integrated Energy Resources Inc. ("NIERI") in connection with the above referenced report.

We appreciate your consideration of our comments. Unfortunately, NIERI is unable to have a representative attend the public hearing on Friday, August 22, 1997. We would, however, be willing to meet with you at your convenience to discuss our written comments and any questions you may have. In addition, we would be prepared to discuss with you our experience in other unbundling pilots.

Pam Prairie will be calling you in the near future to discuss your interest in such a meeting.

Again, thank you for the opportunity to comment on this important issue.

Yours truly,

Robert Lynn (RL)

**COMMENTS OF
NESI INTEGRATED ENERGY RESOURCES, INC. ("NIERI")**

**Re: Report on Natural Gas Unbundling in Kentucky
"Exploring the Next Step Toward Customer Choice"**

NIERI, a subsidiary of NIPSCO Industries Inc., is a gas marketing company that offers gas supply and supply management services to small commercial and residential customers. NIERI is currently participating in a small customer transportation pilot program in Michigan Consolidated Gas Company's Grand Rapids service area and is in the process of qualifying as a supplier in the recently approved East Ohio *Energy Choice* Program, a pilot program involving 168,000 small commercial and residential customers in Ohio.

NIERI's Interest in This Matter:

NIERI specific interests in this proceeding are competitive. NIERI is interested in providing gas supply and energy management services to small commercial and residential customers throughout the upper Midwest. Direct access to the market through service unbundling is necessary in order for NIERI to have the ability to compete in the identified market.

At the present time, NIERI cannot compete to provide any services to small customers in Kentucky because service to those markets is still "fully bundled." This proceeding presents a forum to consider expansion of supplier choice to the customer base that NIERI serves.

Introductory Comments:

NIERI commends the Kentucky Commission for initiating a public proceeding to consider the merits of extending customer choice to small customers. The thoughtful report prepared by Mr. Dennis raises a number of issues and questions regarding the potential benefits of extending supplier choice to residential and small commercial consumers. NIERI's comments will respond to several key issues raised in the report including:

- whether unbundling natural gas in Kentucky is in the public interest;
- how a residential gas transportation program will benefit the customer, and
- the manner and pace at which unbundling should proceed.

1) Public Interest in and Benefits of Customer Choice for Small Consumers:

As a potential competitor in the Kentucky market, NIERI supports the extension of supplier choice to all natural gas consumers through unbundling. Properly structured, an unbundling program will allow for the development of supplier and service competition. From a consumer perspective, the development of competition should benefit customers through price competition and increased service options.

In fact, based on the experience at the federal level, unbundling has resulted in more service choices and lower prices for consumers. *Natural Gas 1996: Issues and Trends*, prepared by the Energy Information Administration, discusses in detail the savings that have been realized at the well head and at the city gate as a result of Order 636 unbundling. (It is worth noting that the report also points out that the savings for residential and small commercial customers, who do not have direct access to supplier choice, has been significantly smaller than the savings for those customers, including industrial and large commercial customers, who have supplier choice.)

While NIERI appreciates that there are differences between the markets to whom supplier choice is currently available and residential and small commercial users, it is reasonable to expect that extension of choice to small customers will result in the same kind of benefits that industrial customers have gained through access to transportation and supplier choice. That is, lower prices and more service alternatives.

NIERI notes that recent reports regarding the Wisconsin Gas Company and the Columbia Gas of Ohio pilots indicate that customers have experienced savings in their gas costs. The report for the Wisconsin Gas pilot, prepared by an independent market research firm, also indicates that small consumers liked having the option of choosing to buy from more than one supplier. (Copies of *Gas Daily* articles reporting on the referenced pilot results are attached).

As Mr. Dennis notes in his report at page 2, numerous states are pursuing unbundling down to the residential level through pilot programs, and a few through legislation. In approving these unbundling programs, the state commissions (or legislature) in those jurisdictions have concluded that unbundling and supplier choice are in the public interest and would benefit small consumers.

The fact that so many other jurisdictions (particularly in the upper Midwest, northeast and mid-Atlantic region) are proceeding with small customer unbundling supports a finding by this Commission that small customer unbundling in Kentucky would also be in the public interest and of benefit to small consumers. In addition to the strong trend to extend supplier choice to small consumers, the preliminary pilot results from Wisconsin and Ohio, appear to confirm the benefits of unbundling for small consumers.

2) Role of Pilot Program in Extension of Unbundling to Small Consumers:

To the extent the Commission has some level of uncertainty as to how small customer unbundling will work, pilot programs can be used to ease the transition to system-wide supplier choice for all stakeholders, including distributors, consumers, competitors and regulators. Although several companies have suggested that pilot programs may be unnecessary, it is NIERI's view that a properly structured pilot that leads to system-wide unbundling for all customers can be an effective vehicle for managing the transition to a more competitive gas sales market at the retail level.

NIERI is mindful of the fact that distributors will incur some level of cost as they proceed with implementation of small customer choice programs including information system costs and program customer education costs. Depending upon whether suppliers are required to take assignment of contract upstream assets, there may also be costs associated with unused capacity.

Pilot programs can be helpful in identifying unbundling costs. To the extent unbundling is phased-in over some reasonable transition period, these costs are more easily managed by all participants in the unbundling process.

From a supplier perspective, if initial unbundling costs are disproportionately high, they will create a barrier to entry that will discourage customers from buying from an independent supplier.

Pilot programs can also help to establish a comfort level among regulators and consumers that third party suppliers are reliable. The performance of suppliers under the pilot should provide a factual basis for determining what, if any, penalty provisions and back-up obligations the distributor needs to assume in residential service unbundling.

Pilots are also useful in identifying potential unanticipated operational and administrative issues that may arise on individual distributor systems.

Finally, pilots are important vehicles for making the consuming public aware of the changes that are occurring in the energy industry and of the new choice options they will have as a result of unbundling. Because of the "newness" of supplier choice for residential customers it will be important to have a balanced and informative education effort. Without a pilot, market acceptance of alternative suppliers might be slowed.

Again, from NIERI's perspective as a competitor supplier, properly structured pilot programs are worthwhile. NIERI does caution that pilots can also be used to create unreasonable barriers to entry and can be used to frustrate competition from third party suppliers.

Assuming this Commission proceeds with unbundling for small customer, it may be appropriate to establish pilot program guidelines that fairly balance all parties interests and insure that the pilot program is a meaningful step toward system-

wide unbundling and market competition. Suggested guideline areas are discussed below.

3) Timeline and Manner of Unbundling:

a) Initiating Unbundling to Small Customers Through Pilot Programs

NIERI recommends that the Commission require distributors in Kentucky to file unbundling pilots as the preferred manner for initiating system-wide unbundling.

The initial pilot should set-up, as a minimum, a program that allows small customers to buy a transportation service which service would be used to transport gas commodity requirements purchased from third party suppliers.

In the long-term, distributors should be required to offer various unbundled transportation services, including balancing, storage, and load management services.

Distributors who choose to include more extensive service unbundling, beyond the implementation of supplier choice, as part of their initial pilot should be allowed to file to offer such services.

b) Timeline

Assuming it concludes that extension of unbundling is in the public interest, the Commission should set a date certain by which distributors are required to file unbundling pilot programs or unbundling tariffs (in the event pilots are not required).

NIERI believes that it is important to set a date certain for filing unbundling pilots in order to move the process forward. By including a deadline for filing, the Commission will insure that all distributors take steps to advance competition and choice for small customers served behind their systems. As important from a consumer perspective, if all distributors are required to file a pilot program within the same time frame, the customer education process will be broader based and reinforced.

NIERI recommends consideration of a filing deadline of six months after the Commission issues an order related to this report.

c) Pilot Term

As to the term of filed pilots, most approved pilots in other jurisdictions have an initial term in the range of 2 years. (Typically, after the first year of the pilot, the eligible customer base expands.) That would appear to be a reasonable guideline in Kentucky as well.

d) Pilot Size

The clear trend is to increase the size of pilot programs to include a larger number of customers in the first year of the program. While there is not a uniform percentage, the trend is to have pilots in which a minimum of 5 -15% of the customer base is eligible in the first year of the program.

In keeping with the trend toward larger pilots, NIERI recommends that the Commission consider adopting a guideline that would require a minimum of 5% of customers be eligible in year one and at least 15% be eligible by year two of the pilot.

e) Extension of Supplier Choice System-wide

Pilot programs should be the first step toward implementation of system-wide supplier choice for all customer groups.

NIERI recognizes that a distributor's ability to offer choice system-wide is significantly affected by its upstream portfolio. Therefore, it is important to consider the role-off the distributor's upstream contracts in establishing a timeline for system-wide unbundling.

As a distributor's upstream portfolio expires (or is up for renewal), opportunities to open the distributor's market to supplier competition without creating a potential stranded cost issue are created. Stated simply, the number of customers eligible for supplier choice should increase in direct proportion to the volume of contracted MDQ that is up for renegotiation or expiration.

Assuming that the distributors in Kentucky have upstream portfolios with expiring contracts in the next 3 - 5 years, NIERI recommends tying the expansion of unbundling to the expiration of upstream contracts. In this way any stranded cost issue would be minimized. And distributors will have advance notice that their markets will be open to competition so they can make timely and appropriate adjustments to their portfolio strategy and structure.

f) Capacity Assignment

Most pilot programs in other jurisdictions have required suppliers to take an assignment of an allocated share of the distributor's contracted upstream space.

For pilot program purposes, if assignment of upstream capacity is required in Kentucky such assignment should be at no more than the distributor's weighted average system cost for capacity in the most recent twelve month period.

Further, distributors should not be permitted to charge suppliers taking assignment of capacity a rate that is higher than the distributor's applicable contract rate from the delivering pipeline. (In other words, if the distributor gets a

discount on capacity, a supplier who is required to take an assignment of that capacity should be charged no more than the discounted rate.)

To the extent capacity assignment is required, the assigning distributor should be required to facilitate capacity trading among suppliers so that capacity can be aggregated in manageable packages. Similarly, if storage is assigned, the distributor should facilitate trading of the storage.

With these requirements, the burden on the supplier of taking an assignment of the distributor's capacity will be somewhat mitigated. In turn, customers will get the benefit of a more competitive gas supply price from third party suppliers.

g) Supplier Qualifications

Pilot programs should include reasonable supplier qualification criteria: specifically a demonstration of creditworthiness and an affidavit that the supplier has adequate resources under contract to meet its pilot program market requirements.

Supplier qualifications should not be unduly burdensome or used to gather data about the supplier's business. Nor should there be any unreasonable initial application fees. Excessive information requirements or excess fees should be viewed as unreasonable barriers to entry and prohibited by the Commission.

h) Access to Customer Information and Billing

Distributors should be required to make available to qualified suppliers, at a reasonable cost, a list of the customers who are eligible to participate in the pilot program. The list should include eligible customers names, addresses and account numbers. Similarly, suppliers should be required to limit the use of the customer list to solicitation under the pilot and be prohibited from reselling the list to any other service provider.

Suppliers should have the option of billing their own supply charges to customers rather than using utility billing services. If the utility provides billing services, the cost of that service should be made known to the supplier.

Both of these items affect a competitor supplier's ability to gain market share. Simply stated, if the Kentucky Commission wants to encourage participation by third party suppliers in Kentucky pilots and promote choice, access to customer lists (for a fee) and the right to directly bill charges are extremely important considerations.

i) Supplier of Last Resort

The pilot should also include a provision for supplier of last resort service. If the distributor does not want to provide that service directly, it should be allowed to solicit bids from other suppliers to provide the service.

While there are other issues that affect small customer unbundling pilots, NIERI believes that adoption of guidelines which address these major items will greatly facilitate the development of meaningful pilot programs in Kentucky as well as foster the development of supplier competition.

Respectfully submitted,

NESI Integrated Energy Resources, Inc.

By: Robert Lynn
Robert Lynn, Executive Director

Dated August 21, 1997

TransColorado shifts ownership

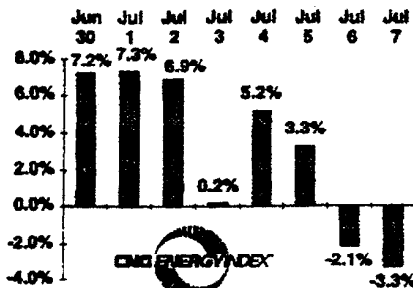
TransColorado Gas Transmission, the partnership now laying a 265-mile pipeline from the New Mexico-Colorado border to northwest Colorado, will proceed under two equal partners, not three as before.

TransColorado will build the new pipeline — considered Phase II — under the sponsorship of KN Energy and Questar Pipeline only. Until Monday, TransColorado was owned by three equal builders: KN Energy, Questar and El Paso Energy (GD 6/30).

Phase I, in service since December 1996, links the Coyote Gulch plant to northern New Mexico's Blanco Hub through a 25-mile line. When Phase II goes into service, El Paso will completely relinquish its stake in TransColorado.

"This was an internal capital allocation decision" to fund different projects, said El Paso spokesman Scott Vonderheide. "Our main objective had been to get extra volumes into the El Paso system," as TransColorado will, even without El Paso's financial help, he added. JP

U.S. energy use forecast



The full version of the CNG Energy Index is available to Gas Daily On-Line subscribers via Enernet. For information about Gas Daily On-Line, phone 713-939-5800.

*The baseline of 0 represents normal for that day based on historical data.

Electronic Trading System Prices

Daily index prices in this table are supplied by the electronic trading services indicated. The prices are volume weighted averages, in \$/mmBtu, for deals done on the column date. Boldface prices indicate new data.

July Index	6/30 Index	7/1
QuickTrade		
Chicago	2.250	2.190
Streamline		
Traneco St. 85	2.180	2.180

Spot crude rises

Change is from day before
Results for Tuesday
Prices are in dollar per barrel when not in Btus

	Buy	Sell	Change
West Texas intermediate			
Spot Crude	20.15	20.20	+40¢
Crude futures (August)*	20.12	—	+82¢
#6 resid, max 1%:			
East Coast	16.50	16.75	+25¢
	\$2.66/mmBtu		
Gulf Coast	15.00	15.25	—
	\$2.42/mmBtu		
Low-sulfur waxy resid:			
FOB Singapore	16.75	17.00	+25¢
	\$2.63/mmBtu		

Columbia closes deal, reports savings in Ohio

Columbia Gas System's marketing subsidiary, Columbia Energy Services (CES), has closed on its \$14.75 million purchase of PennUnion Gas, a deal that is expected to more than double the volume of natural gas the company markets, Columbia said yesterday.

With the addition of PennUnion's volumes, Columbia is expected to market more than 3 billion cfd (GD 6/4). Columbia plans to make Houston its trading hub, with CES Senior Vice President Philip Glaessner heading operations there. CES' former headquarters in Pittsburgh will become a regional office.

Columbia also said yesterday that residential customers participating in the pilot program of its Ohio distributor affiliate have saved more than \$1 million during the first three months of the program. About 30,000 residential customers in the Toledo area are participating in Columbia Gas of Ohio's Customer Choice program. CES is one of the participating suppliers in the pilot.

For April, the average pilot participant saved about \$8.50 on their monthly natural gas bill, followed by \$6.50 per monthly bill in May and \$3.35 for June, Columbia said.

The distributor hopes to expand the pilot to other portions of its Ohio service territory after the Public Utility Commission of Ohio reviews the Toledo program. MH

Canadian 88 fends off takeover rumors

Natural gas producer Canadian 88 Energy insists it is not a takeover target unless the price is right. "We're not for sale," President Greg Noval told the company's stockholders at their annual meeting this week. But he added, "We'll look seriously at any offer."

Calgary-based Canadian 88 has had two serious offers, one at about \$4.30 per share. Noval is looking for at least \$5, making the company's worth \$457 million. Earlier this year, Canadian 88 mounted a hostile \$450 million takeover bid for Morrison Petroleum, ultimately losing out to Northstar Energy, also of Calgary.

Noval continues to criticize Morrison for inflating natural gas reserve numbers in the Waterton area, southwest of Calgary and near where Canadian 88 says it has found gas.

Northstar responds that Noval should limit his comments to his own company, mainly because he has no idea how Northstar evaluates its assets. Morrison says it has about 152 billion cf of gas in the Waterton region.

The Alberta and Ontario securities commissions are still investigating trading of Morrison shares by a company related to Canadian 88, West Central, prior to Canadian 88's offer. Canadian 88 lent millions of dollars to West Central to buy the Morrison shares. Noval denies any wrongdoing.

Canadian 88 also said it no longer has an appetite for takeovers unless it finds something more interesting. "We're not looking for corporate acquisitions," Noval said. "We focus on the drill bit to grow."

Canadian 88 has low finding and development costs even though it drills deep, high-impact exploration wells. It plans to spend \$80 million this year, giving it additional production of up to 70 million cfd. Production this year is forecast to be 115 million cfd.

By September, Canadian 88 expects to have a \$4.4 million pipeline connecting its fields to Shell Canada's processing plant nearby. Canadian 88's Waterton field is thought to contain 500 billion cfd. PM

Reading & Bates to build platform for Shell

Reading & Bates Drilling has entered into a letter of intent with Shell Deepwater Development (SDD) to build and lease a new generation, ultra-deepwater moored, semi-submersible drilling platform, under a firm five-year contract.

The Houston-based rig construction company will earn approximately \$335 million during the life of the contract, \$100 million more than the expected construction cost of the rig platform. Delivery of the semi-submersible, RBS-6, is scheduled for January 2000.

During the initial contract period, the rig will operate in the Gulf of Mexico. The design, however, is suitable for worldwide service, including the harsh environments of the North Sea, the company said.

A Shell spokeswoman would not divulge if SDD would continue to use the rig after the end of the initial five-year contract, or, if it extended the contract, whether Shell would move

FUTURES
NYMEX Henry Hub

Results for Thursday					
	Settlement	High	Low	Change	Volume
September	2.444	2.515	2.410	+9.3	---
October	2.462	2.500	2.420	+9.8	---
November	2.532	2.570	2.520	+7.8	---
December	2.632	2.650	2.610	+7.7	---
Jan. 1998	2.842	2.870	2.810	+7.2	---
February	2.517	2.550	2.500	+5.7	---
March	2.375	2.400	2.388	+4.0	---
April	2.190	2.220	2.190	+1.0	---
May	2.128	2.160	2.130	+0.1	---
June	2.108	2.135	2.105	+0.3	---
July	2.100	2.130	2.100	+0.5	---
August	2.098	2.130	2.100	+0.3	---
September	2.095	2.115	2.090	+0.5	---
October	2.108	2.130	2.100	+0.5	---
November	2.207	2.205	2.200	+1.5	---
December	2.320	2.330	2.300	+2.5	---
Jan. 1998	2.341	2.340	2.325	+2.6	---
February	2.282	2.280	2.255	+2.7	---
March	2.177	2.170	2.168	+2.8	---
April	2.084	---	---	+3.0	---
May	2.059	---	---	+3.2	---
June	2.058	2.054	2.054	+3.4	---
July	2.053	---	---	+3.6	---
August	2.055	---	---	+3.8	---
September	2.059	2.059	2.059	+4.0	---
October	2.082	---	---	+4.0	---
November	2.192	---	---	+4.0	---
December	2.318	---	---	+4.0	---
Jan. 2000	2.345	2.310	2.300	+4.0	---
February	2.263	---	---	+4.0	---
March	2.179	---	---	+4.0	---
April	2.080	---	---	+4.0	---
May	2.080	---	---	+4.0	---
June	2.055	2.036	2.036	+4.0	---
July	2.056	---	---	+4.0	---
August	2.058	---	---	+4.0	---
Volume of contracts (unofficial)				Not Available	---
Open Interest Wednesday				198,107	---

NYMEX Alberta

	Settlement	High	Low	Change	Volume
September	---	---	---	---	---
October	---	---	---	---	---
November	---	---	---	---	---
December	---	---	---	---	---
Jan. 1998	---	---	---	---	---
February	---	---	---	---	---
March	---	---	---	---	---
April	---	---	---	---	---
Volume of contracts (unofficial*)				0	0
Open Interest Wednesday				---	---
*Not all months reported					

KCBOT Waha

	Settlement	High	Low	Change	Volume
September	2.340	2.400	2.330	+7.5	193
October	2.310	2.310	2.300	+8.0	6
November	2.384	2.450	2.380	+5.4	18
December	2.455	---	---	+3.5	26
Jan. 1998	2.485	2.500	2.490	+4.5	---
February	2.415	---	---	+4.5	1
March	2.290	---	---	+4.5	1
April	2.080	---	---	+1.5	---
May	2.050	---	---	+1.5	---
June	2.050	---	---	+1.5	---
July	2.050	---	---	+1.5	---
August	2.050	---	---	+1.5	---
September	---	---	---	---	---
Volume of contracts (unofficial*)				237	---
Open Interest Wednesday				1,454	---
*Not all months reported					

Weighted average of x number of trades in the last two minutes of trading. Change is from previous settlement price.

OPTIONS
NYMEX Henry Hub

Strike Price	Results for Thursday			Puts-Settle		
	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.
2.20	---	---	---	---	---	---
2.25	23.9¢	28.9¢	39.1¢	4.5¢	8.9¢	10.9¢
2.30	20.5¢	25.9¢	35.9¢	6.1¢	10.9¢	12.7¢
2.35	17.4¢	23.2¢	32.9¢	8.0¢	13.2¢	14.7¢
2.40	14.5¢	20.8¢	30.1¢	10.1¢	15.8¢	16.9¢
2.45	12.0¢	18.5¢	27.4¢	12.5¢	18.5¢	19.2¢
2.50	10.0¢	16.5¢	24.8¢	15.5¢	---	21.7¢
2.55	8.2¢	13.9¢	22.5¢	---	---	24.4¢
2.60	6.8¢	12.1¢	20.4¢	---	---	---

Estimated Volume: Calls: Not Available Puts: Not Available
 Open Interest (Wed.): Calls: Not Available Puts: Not Available
 Not all strike and settlement prices listed.
 Implied Volatility for at-the-money strike price
 Calls: 55.41% Puts: 54.96% Source: Bloomberg

market, Tatham Senior Vice President Edward Moses said (GD 7/14).

The Tatham project also would tie in gas from the \$5 billion Hibernia oil project that is about to start production off the coast of Newfoundland. Mobil Oil Canada, which is the operator for both Hibernia and the 3 trillion cf Sable Island project, plans to pump Hibernia gas back into the subsea reservoir.

Tatham's project is running against fierce competition from the more conventional land-based Maritimes and Northeast Pipeline as well as the TransQuebec and Maritimes pipeline sponsored by TransCanada PipeLines and Gaz Metropolitan.

"The difference between us and Maritimes and Northeast is that their pipeline is producer-owned, and they control how much gas flows and when," Moses said. "With ours, any producer can access the system. We have a bigger pipeline and can handle larger volumes."

Tatham is proposing a main pipeline between 36 and 42 inches, narrowing to 24 inches for a lateral pipeline into the Halifax market. The two other land-based projects call for 30-inch pipelines.

Tatham plans to file a formal application with Canada's National Energy Board in the next several weeks, Moses said. Construction of the initial phases of the elaborate network near Sable Island and Seabrook is planned to be completed by November 1999.

The ambitious proposal already has the support of Newfoundland Premier Brian Tobin, while the Nova Scotia government, which has supported the Maritimes and Northeast project in the past, says it has an open mind on the Tatham pipeline.

Tatham said it would charge about 70¢/Btu for transmission but promised that would drop once volumes increased. It also vowed to give Nova Scotia gas buyers a special rate, something new Premier Russell MacLellan is anxious to get (GD 8/5).

"One of the advantages of our proposal is that there is no going through people's property, farms and woodlands," Moses said. "We'd be doing the same thing that is being done in the North Sea. Technically, it is easier."

Tatham admitted that constructing a pipeline on the Grand Banks would be more difficult than the North Sea because of the huge icebergs that haunt the region. The pipeline would be laid at depths of between 500 and 1,500 feet.

Atlantic fisheries are being consulted about ways to minimize potential damage to fish stocks, and the company also plans to consult environmental groups. PM

Survey says Wisc. Gas customers like choice

Savings and reliability are the most important aspects customers want when purchasing natural gas from a supplier. And when customers find a supplier that fulfills their desires, they are generally satisfied, according to a recent survey of the participants in Wisconsin Gas' GasAdvantage pilot program and other customers in the utility's service area.

Two independent companies surveyed participants as well as non-participants of GasAdvantage, a customer choice pilot program of Wisconsin Gas. George Edgar of Wisconsin Energy Conservation, teaming with Matousek & Associates, a marketing research firm, called 150 residential and 200 commercial natural gas customers, equally.

GasAdvantage, which allows residential and commercial customers to choose their own supplier, involved close to 1,550 residential and commercial customers in the city of West Bend, Wisc.

Of the customers who gave GasAdvantage their highest possible rating, 73% were residential and 54% commercial. Customers said the opportunity to save money was the most important factor in the program.

The survey also showed that two-thirds of the customers thought changing suppliers was easier than switching long-distance telephone companies.

The pilot program was not only successful from the customer's perspective, but also from the utility's experience, according to Chuck Cummings, Wisconsin Gas' director of regulatory affairs. The pilot was limited in size to allow the utility to focus on starting operational procedures necessary to support customer choice.

Cummings said the other state natural gas utilities must open their systems before customer choice can truly happen in Wisconsin.

In the survey, the majority of the non-participants of GasAdvantage had no real motivation to "jump on the bandwagon," according to Teri Matousek of Matousek & Associates. "They were just happy with their present suppliers, so they didn't bother," Matousek said. Most of the customers that joined GasAdvantage were those who thought the pilot program was a great idea and were quick to sign up.

BP