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In the Matter of:

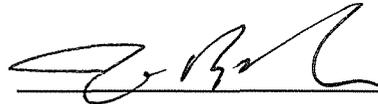
An Investigation of Natural Gas Retail
Competition Programs

Case No. 2010-00146

**Response of
Retail Energy Supply Association
to Duke Energy Kentucky Inc.'s 7/14/10 Data Requests**

Retail Energy Supply Association ("RESA") hereby responds to the data requests propounded by Duke Energy Kentucky, Inc. on July 14, 2010. RESA's response consists of one bound volume of text responses and one C-ROM containing the attachments. The CD-ROM contains attachments for the responses to the AARP, Duke Energy Kentucky, Inc. and ACM.

Respectfully submitted,



Katherine K. Yunker
John B. Park
YUNKER & PARK PLC
P.O. Box 21784
Lexington, KY 40522-1784
(859) 255-0629

ATTORNEYS FOR RETAIL ENERGY
SUPPLY ASSOCIATION

CERTIFICATE OF FILING AND SERVICE

I hereby certify that on this the 29th day of July, 2010, the original and ten (10) copies of the foregoing were hand delivered to the Commission for filing, and a copy was served, via U.S. Mail, first-class, postage prepaid, on each person at the address shown on the attached Service List.



Attorney for Retail Energy Supply Association

SERVICE LIST

Ky. PSC Case No. 2010-00146

Tracy McCormick
Executive Director
RETAIL ENERGY SUPPLY ASSOCIATION
P.O. Box 6089
Harrisburg, PA 17112-0089

Lisa M. Simpkins
Vice President-Energy Policy, Natural Gas
CONSTELLATION ENERGY RESOURCES
111 Market Place, Suite 500
Baltimore, MD 21202-4040

Michael T. Griffiths
PROLIANCE ENERGY, LLC
111 Monument Circle, Suite 2200
Indianapolis, IN 46204-0000

Stephen Bennett
Retail Policy Manager – East/Midwest
EXELON POWER TEAM
300 Exelon Way
Kennett Square, PA 19348-2473

Lonnie E. Bellar
Vice President – State Regulation
LOUISVILLE GAS AND ELECTRIC COMPANY
220 W. Main Street
P. O. Box 32010
Louisville, KY 40202-1395

Rocco D'Ascenzo
Senior Counsel
DUKE ENERGY KENTUCKY, INC.
139 East 4th Street, R. 25 At II
P. O. Box 960
Cincinnati, OH 45201-0960

Brooke E. Leslie
COLUMBIA GAS OF KENTUCKY, INC.
200 Civic Center Drive
P.O. Box 117
Columbus, OH 43216-0117

Teresa Ringenbach
Government & Regulatory Affairs – Midwest
DIRECT ENERGY, LLC
9605 El Camino Lane
Plain City, OH 43064-8002

Tom FitzGerald
Liz D. Edmondson
KENTUCKY RESOURCES COUNCIL, INC.
P.O. Box 1070
Frankfort, KY 40602-1070

Iris G. Skidmore
BATES AND SKIDMORE
415 W. Main Street, Suite 2
Frankfort, KY 40601-1841

John B. Brown
Chief Financial Officer, Treasurer
DELTA NATURAL GAS COMPANY, INC.
3617 Lexington Road
Winchester, KY 40391-9706

Judy Cooper
Manager, Regulatory Services
COLUMBIA GAS OF KENTUCKY, INC.
2001 Mercer Road
P. O. Box 14241
Lexington, KY 40512-4241

John M. Dosker
General Counsel
STAND ENERGY CORPORATION
1077 Celestial Street
Building 3, Suite 110
Cincinnati, OH 45202-1629

Mark Martin
VP Rates & Regulatory Affairs
ATMOS ENERGY CORPORATION
3275 Highland Pointe Drive
Owensboro, KY 42303-7835

SERVICE LIST

Ky. PSC Case No. 2010-00146

Trevor L. Earl
REED WEITKAMP SCHELL & VICE PLLC
500 West Jefferson Street, Suite 2400
Louisville, KY 40202-2856

Lisa Kilkelly
Eileen Ordovery, Esq.
LEGAL AID SOCIETY, INC.
416 West Muhammad Ali Blvd. Suite 300
Louisville, KY 40202-3376

Sandra Minch Guthorn
Senior Counsel Regulatory Affairs
MXENERGY INC.
10010 Junction Drive, Suite 104-S
Annapolis Junction, MD 20701-1180

William H. May, III
Matthew R. Malone
HURT, CROSBIE, & MAY PLLC
The Equis Building
127 West Main Street
Lexington, KY 40507-1320

Request:

1. Please provide copies of any and all studies, analysis, reports, or articles including workpapers, authored by RESA Witness Teresa Ringenbach regarding gas retail choice during the last five years.

Response:

Teresa Ringenbach has not written or conducted any studies. Ms. Ringenbach's employer, Direct Energy, funded a study by Intelometry of retail natural gas choice in Ohio, which is provided as Attachment 1.

Request:

2. Referring to the sentence beginning on line 7, page 5, of Ms. Ringenbach's testimony, addressing customers' tendency to simply open bills and pay them if their only option is to remain with the utility, identify and produce any evidence that Ms. Ringenbach relied upon to support that conclusion. Also identify and produce any evidence that the witness relied upon to support the conclusion in the following sentence that the existence of "choice" often prompts a customer to scrutinize options and bills more closely.

Response:

There are many studies that indicate price is a factor in customers' energy use and energy efficiency. By choosing to shop, the customer becomes engaged in the price decision, which in turn impacts energy usage. See the studies provided as Attachments 20, 21, and 22.

Request:

3. Referring to the sentence beginning on line 2 of page 6, in Ms. Ringenbach's testimony, explain the nature of the switching that gives rise to the figure of 93% switching in Ohio. Specifically, break that percentage down to reflect voluntary, proactive switching initiated by the customer, aggregations, and switching that results from the local distribution company having left the merchant function or being in the process of leaving the merchant function.

Response:

This information is listed on the Public Utilities Commission of Ohio website. A copy of the webpage containing the information is provided as Attachment 2.

Request:

4. Please identify and produce any study or analysis, including work papers, to support Ms. Ringenbach's statement, on page 6 of her testimony, that customers have become savvier in their energy use as a result of competition.

Response:

This was an observation based on the level of switching achieved in the various states with retail competition and Ms. Ringenbach's 10 years in the energy industry speaking with customers. RESA has no studies or analysis responsive to the request.

Request:

5. Referring to page 6, lines 15 through 20, of Ms. Ringenbach's testimony, please identify and produce any study or analysis, including work papers, to support each of the claims made by Ms. Ringenbach with regard to her assertion that moving the commodity function away from the utility allows the utility to focus on managing its distribution assets, thereby improving safety and streamlining infrastructure costs and efforts, and also allows commission staff to better track cost and spending. If there are no such studies or analysis, explain the basis on which Ms. Ringenbach reaches and supports these conclusions.

Response:

See the testimony of Jeffrey Murphy of Dominion East Ohio Gas in PUCO case 07-1224-GA-EXM, which is provided as Attachment 3. These are assumptions based on the following: (i) there no longer being a need for a gas cost audit by staff; (ii) no need to use resources to purchase or manage the commodity by the utility; and (iii) by moving the purchase of natural gas away from the utility, there would be fewer cases to take up staff time (no longer GCR cases) and the remaining cases would be focused solely on distribution functions.

Request:

6. Referring to the answer that begins on line 7, page 8, of Ms. Ringenbach's testimony, identify and produce information, including data, studies, and analyses, as well as work papers, addressing and evaluating customer complaints in New York, Illinois, Michigan, the District of Columbia, Pennsylvania, and Ohio.

Response:

New York:

Uniform Business Practices ("UBP") were expanded in the following New York cases in response to increased consumer complaints. (A copy of the 98-M-1343 order expanding the UBP in 2008 is provided as Attachment 4.)

- Case 98-M-1343 – In the Matter of Retail Access Business Rules.
- Case 07-M-1514 – Petition of New York State Consumer Protection Board and the New York City Department of Consumer Affairs Regarding the Marketing Practices of Energy Service Companies.
- Case 08-G-0078 – Ordinary Tariff Filing of National Fuel Gas Distribution Corporation to establish a set of commercially reasonable standards for door-to-door sales of natural gas by ESCOs.

The NYPSC also issued an order in Case 07-M-0458 that removed and retained certain retail access programs based on success of the retail market. A copy of this order is provided as Attachment 5.

Complaint statistics for NYPSC are found at: http://www.dps.state.ny.us/ocs_stats.html

Illinois:

Illinois enacted new gas consumer standards in April 2009. (Title 83 220 ILCS 5/Article XIX). The law was changed in response to complaints brought against Just Energy f/k/a US Energy Savings, Corp. ("USES"). The Illinois Commerce Commission investigated USES marketing practices from January 2007 through March 2008 in ICC Docket 08-0175. The order entered in that case is provided as Attachment 6.

Complaint statistics by supplier are not currently available for Illinois. The ICC is gathering such statistics but has not yet posted them. Reports by the ICC Consumer Services Division that list the total number of contacts by supplier, including general inquiries, but which are not complaint specific, can be found at <http://www.icc.illinois.gov/reports/Results.aspx?t=7>.

The U.S. Energy Information Administration article provided as Attachment 7 also gives a brief description of what lead to the change in law.

Michigan:

In October 2003, the MPSC approved tariff changes that increased consumer protections within the tariffs of the utilities with retail gas choice programs. The changes came about as part of an investigation into the marketing practices of Universal Gas & Electric Corporation. See the MPSC orders provided as Attachments 8 and 9.

Michigan does not list complaints publicly.

Ohio:

Ohio reviews its consumer protection rules for gas every three to four years. The protection rules have been in place since 2002. See OAC 4901:1-29 for gas rules. No cases similar to the Universal Gas in Michigan or USES in Illinois have taken place in Ohio. The closest was a case against Dominion Retail (PUCO docket 09-0257-GA-CSS) that involved a complaint alleging deceptive use of the utility name in the marketing of competitive retail natural gas services.

Ohio does not publish complaint statistics.

District of Columbia:

In 2009, the DC Public Service Commission revised its Consumer Bill of Rights to afford rights to customers purchasing their natural gas from an alternative supplier. The bill of rights is located at D.C. Mun. Regs. Title 15, Chapter 3..

The availability of current complaint statistics by gas suppliers in the District of Columbia is not known.

Pennsylvania:

The Office of Competitive Market Oversight was expanded to cover gas competition in December 2009. The PA PUC reviews residential marketing rules in the action plan provided as Attachment 2 to Ms. Ringenbach's direct testimony.

No published complaint numbers are available for Pennsylvania.

Request:

7. Referring to the 93 percent switching rate for Dominion East Ohio Gas that is referenced on line 2 of page 11 of Ms. Ringenbach's testimony, explain how and why this is relevant to the current proceeding in light of Dominion's exit from the merchant function. Include a description of the impact of that exit on customers and their ability not to switch to a competitive provider.

Response:

The number shows a high level of movement to competitive suppliers and interest by suppliers in the market. This is relevant to show that there can be a high degree of switching. It should be noted that the PUCO has not ordered or approved a full exit of the merchant function. The merchant function is instead accomplished through Dominion-held auctions for supply. Auctions take two forms: a wholesale bid referred to as SCO for choice ineligible customers and a retail bid SCO for choice eligible customers.

The question concerning customers' ability not to switch to a competitive provider is unclear. Customers on utility SCO service retain their ability to switch providers at any time without penalty just as they would under a GCR format. Customers on SSO service may switch once they meet choice eligibility requirements.

Request:

8. Referring to the discussion of customer choice in Wisconsin that begins on line 15, page 11, identify and produce any study, evaluation, or analysis, including workpapers, that supports and/or forms the basis of the conclusions reached by Ms. Ringenbach as to the cause of that market failure or the comparison between the small volume market and the transport program.

Response:

The testimony regarding the Wisconsin market for small volume customers was based on the recollection of the witness that suppliers behind the program lost interest when the costs for capacity and storage exceeded the utility costs. The Wisconsin PSC order regarding the program does not appear to be publicly available, and is not in the possession of RESA. For more information on the Wisconsin experience, see Attachment 10.

Request:

9. Referring to the discussion of the supplier of last resort function that begins on page 12 of Ms. Ringenbach's testimony, identify and produce any study, evaluation, or analysis, including workpapers, that supports and/or forms the basis of the discussion of the approaches taken in Ohio, Georgia, New York, Michigan, New Jersey, and Texas.

Response:

Ohio: The following cases approved the current standard service offers: Dominion East Ohio Gas (07-1224-GA-EXM), Vectren (07-1285-GA-EXM) and Columbia Gas of Ohio (08-1344-GA-EXM).
Georgia: See attached HB 1568 Consumers Relief Act provided as Attachment 11, and reference Georgia PSC Docket No. 8390-U.
Michigan: See Michigan Consolidated Gas Company tariff sheets provided as Attachment 18.
New Jersey: Background and information on the NJ electric auctions for supplier of last resort service can be found at <http://bgs-auction.com/>.
Texas: See Texas Utilities Code - Section 39.106. Provider Of Last Resort.
New York: See PSC Case No. 00-M-0504.

Request:

10. Referring to the discussion of the purchase of accounts receivable and consolidated billing that begins on page 15 of Ms. Ringenbach's testimony, identify and produce any study, evaluation, or analysis, including workpapers, that supports and/or forms the basis of the discussion of the approaches taken in Illinois, Pennsylvania, Texas and any other states that allow competition in gas supply.

Response:

Illinois: Illinois does not have gas purchase of receivables. See Public Act 095-0700, provided as Attachment 12, which requires electric purchase of receivables.
Pennsylvania: See the PA PUC order on purchase of receivables, which was provided as Attachment 2 to Ms. Ringenbach's direct testimony. Additionally, see the recommended decision, order, and proposed settlement (Attachments 13-15) recently issued for PA gas POR programs in NFG, UGI and Columbia PA service territories.
Ohio: See attached order authorizing an uncollectible rider applicable to POR also - Attachment 16.

Texas: The proposed rulemaking referenced in the testimony, which addresses issues where a customer continues to switch suppliers without shutoff and accrues arrearages with multiple suppliers, is provided as Attachment 17.

Michigan: Both Consumers and Michigan Consolidated Gas Co. have a receivables program where the supplier is paid in full each month based on deliveries and an annual true-up to index follows the payment. The same tariff language is approved for both Consumers and MichCon. See the MichCon tariff provided as Attachment 18.

Request:

11. Referring to the discussion of stranded costs and uncollectibles that begins on page 18 of Ms. Ringenbach's testimony, identify and produce any study, evaluation, or analysis, including workpapers, that supports and/or forms the basis of the discussion of the approaches taken in other states.

Response:

See Response to Request No. 10 for uncollectibles. The discussion of stranded costs in the testimony is based on the experience of the witness in various markets.

Request:

12. Referring to the discussion of system integrity and pipeline storage capacity that begins on page 20 of Ms. Ringenbach's testimony, identify and produce any study, evaluation, or analysis, including workshops, that supports and/or forms the basis of the discussion of the approaches taken in other states.

Response:

See the Michigan Consolidated Gas Co. Section D Rate Schedules provided as Attachment 18. See also the Vectren standard service offer plan provided as Attachment 19.