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September 7, 2010

Via Hand-Delivery
Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RE: *Case No. 2010-00146; An Investigation of Natural Gas Retail Competition Programs*

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of Interstate Gas Supply Inc.'s, SouthStar Energy Services, LLC's and Vectren Source's data request responses to the following:

- The Commission Staff; and
- The Association of Community Ministries

Please place the documents of file.

Regards,

Matthew Malone

C: File; Parties

COMMONWEALTH OF KENTUCKY

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF NATURAL GAS	)	
RETAIL COMPETITION PROGRAMS	)	CASE NO.2010-00146

INTERSTATE GAS SUPPLY, INC.'S, SOUTHSTAR ENERGY SERVICES, LLC'S AND VECTREN SOURCE'S CERTIFICATE OF SERVICE REGARDING DATA REQUEST RESPONSES TO THE COMMISSION STAFF

Comes now Interstate Gas Supply, Inc., Southstar Energy Services, LLC and Vectren Source, individually, and collectively, by counsel, and hereby certify that an original and ten (10) copies of the attached data request responses to the Commission Staff were served via hand-delivery upon Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40602-0615; furthermore, it was served by mailing a copy by first class US Mail, postage prepaid, on the following, on this 7th day of September 2010:

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Respectfully submitted,

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VECTREN SOURCE

INTERSTATE GAS SUPPLY, INC., SOUTHSTAR ENERGY SERVICES, LLC'S AND VECTREN SOURCE'S RESPONSE TO DATA REQUEST OF THE COMMISSION STAFF

Request for Information 1

Refer to page 5 of the response to Item I of the Commission Staffs First Information Request. Under the Transition costs response, the last sentence states, "It is important to also consider that all similar rate class customers will have similar opportunities when it comes to competitive options, assuming programs are properly structured and include Purchase of Receivables, so sharing costs among similar rate classes is likely the most appropriate structure, for most transition costs."

(a) Explain whether the Retail Suppliers are advocating that transition costs be shared equally among all customers in eligible classes, whether or not the customer chooses a supplier other than the utility.

Response. There are multiple approaches to handling any transition costs created in structuring a choice market. In some jurisdictions, the costs are aggregated into a single itemization, with various mechanisms for recovery of that cost. In other jurisdictions, the transition costs are broken into various components and then components are assigned to different parties. While the concept of transition costs is generally understood among interested parties, whether there will be transition costs and if so, how much those costs will be, is not something that is definitive at the inception of making the changes. In the previous response, the Retail Suppliers were attempting to show that recovery of incremental costs will need to be addressed and that there are different ways to handle recovery of those costs (if any) which includes an approach where all customers in a class that have an opportunity to select a competitive supplier benefit from having the market available, irrespective of whether they select a competitive supplier so that recovery of those costs from the entire group is a reasonable approach, and has been an approach used in some competitive markets. In other instances, the costs are borne only by those customers who are shopping, either as a direct charge to the customer or as a charge to the supplier. Since all customers can benefit from the availability of a competitive market, whether or not they shop, the Retail Suppliers believe that with some costs, and maybe a significant portion of those costs, it would be appropriate, although not mandatory, that the costs be spread out over the entire class.

(b) Would the Retail Suppliers exempt some transition costs from such equal sharing? If so, which ones and why?

Response. It would depend on the costs, but yes, if the cost was directly attributable to something that was not necessary to develop the market, but was nonetheless something that the suppliers believed would be beneficial to the market, then those costs, for example, could be exempted from an equal sharing mechanism. For example, if it was determined that bill inserts would be beneficial to provide consumers with information about the availability of the competitive market, that might be considered a "transition cost" but not essential, so if the suppliers advocated for such an item it might be appropriate to assess those costs to the suppliers directly. Another example might be the costs associated with creating additional billing services, beyond a rate ready billing option. A rate ready billing option enables the utility to provide consumers with a utility consolidated bill while providing suppliers with the ability to have different prices. Bill ready options enables suppliers to send supplier consolidated billing which, in turn, can provide greater product flexibility. It may be determined that a rate ready option is desirable, but not essential to the development of an effectively competitive market. Thus, if the suppliers insisted on programming both options, the costs associated with the development of this additional billing option might be assessed to the suppliers.

Biography of Vincent Parisi, Esq.
General Counsel and Regulatory Affairs Officer of IGS Energy

As the general counsel and regulatory affairs officer for one of the biggest retail gas marketing companies in the country, Vincent Parisi has developed an impressive career in the natural gas industry. In 2003, Vince joined IGS Energy as general counsel, working on many aspects of the daily business including credit and risk, compliance, regulatory compliance, certifications and reviewing marketing materials and interactions with consumers for compliance with Federal, State and Commission rules and laws governing those relationships. Prior to coming to IGS Energy, Vince worked as an associate with the Columbus Ohio law firm Chester, Willcox & Saxbe LLP as a business attorney and litigator, working with IGS Energy as a client in a number of areas.

In his career to date with IGS Energy, Vince is responsible for all regulatory, legislative and related work in all of the market areas in which IGS Energy operates, including seven states and approximately 14 utility service territories. In addition, Vince oversees the compliance, legal and regulatory departments for IGS Energy, managing the interaction with outside counsel, regulatory and legislative consultants and interactions with competitive companies on regulatory and legislative matters. In his role with IGS Energy, Vince also manages its relationships with several groups with the charge of being involved in regulatory, legislative and utility processes to help to make the competitive markets more dynamic and competitive. These groups include National Energy Marketers Association, where Vince serves as the Co-chair for the Midwest on Natural Gas Policy, Ohio Gas Marketers Group, Illinois Retail Gas Suppliers, New York State Energy Marketers Coalition, and ad hoc groups in others states, including Kentucky, Pennsylvania and elsewhere.

In his regulatory and legislative role, Vince has worked on rules and legislation in Pennsylvania under the S.E.A.R.C.H. process, in Illinois, Michigan, Ohio, New York revisions to the Uniform Business Practices Act, as well as in Kentucky. Also, Vince has worked through rate cases and commodity review processes in several territories, including Nicor Gas, Peoples Northshore, MichCon, Consumers Energy, Duke Ohio, Columbia Gas of Ohio, Pennsylvania, and Kentucky, Vectren Delivery of Ohio, Dominion East Ohio, NIPSCO, National Fuel, Niagara Mohawk, Central Hudson, Pennsylvania Gas Works, and Chesapeake and had oversight of IGS' regulatory team in cases in Baltimore Gas & Electric, Washington Gas & Electric, ConEd, Keyspan. Vince has also been involved in rule reviews in Maryland, New Jersey, New York, Ohio, Michigan, Illinois, Pennsylvania and Indiana related to evolving choice programs.

IGS is somewhat unique in that it is privately held, has no long-term debt and relies on traditional bank financing. IGS Energy has been in business for over 20 years, in choice markets for residential customers for over 10 and has been successfully been providing choice natural gas products to consumers throughout that time. Vince attributes IGS Energy's success to a focus on customer service and an understanding of the gas industry.

Raised in Toledo, Ohio, Vince has resided in the Columbus Ohio area for over 20 years, is a graduate of The Ohio State University with an undergraduate degree in Economics, graduate of Capital University Law School with a Juris Doctorate, magna cum laude, and an LLM from Capital University in Business and Tax. Vince is married and has three children.