

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

July 13, 2012

RE: Case No. ~~2010-00233~~ ²⁰¹²⁻⁰⁰¹³² PS

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JUL 13 2012

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

Pursuant to the Commission's Order of February 3, 2011 in Case No. 2010-00233, Columbia Gas of Kentucky, Inc. hereby submits the Customer Choice survey. An original and ten copies are attached.

If you have any questions, please call me at (859) 288-0242 or email jmcoop@nisource.com. Thank you.

Sincerely,


Judy M. Cooper

Enclosures





FINAL REPORT
Columbia Gas of Kentucky
Customer CHOICE Survey

Prepared For: *Columbia Gas of Kentucky*

Prepared By: **The Matrix Group, Inc.**

Date: **June, 2012**

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1.1 Overview and Methodology

Columbia Gas of Kentucky initiated this research study in compliance with the Kentucky Public Service Commission’s request that customer perceptions of the Customer Choice program available through Columbia Gas of Kentucky be assessed.

The questions for the telephone survey were developed by the Kentucky Public Service Commission, with input from Columbia Gas, natural gas marketers, and The Matrix Group.

The objectives of the study were as follows:

- 1) Measure awareness of the Customer Choice program
- 2) Assess the primary reasons for participation in the program
- 3) Understand why customers who are aware of the program choose not to participate
- 4) Quantify the savings that participants perceive they have realized through the program
- 5) Gauge overall satisfaction with the program

The telephone survey was designed to target both Choice and non-Choice customers, with a representative sample of residential and commercial customers within each group. Columbia Gas provided The Matrix Group with a customer list. The composition of the list was used to stratify the samples of Choice and non-Choice customers according to area of residence, program participation, and customer type. Non-Choice customers were categorized as having “never participated” or “previously participated” in the Choice Program. The subsample of commercial customers was drawn proportionate to the population of commercial Choice customers in the provided list.

The customer list included phone numbers, county of residence, customer type, and past program participation. The survey design allowed respondents to answer different sets of questions, depending on the respondents’ self-identification as a “Current,” “Previous,” or “Never” Choice participant. This self-identification occasionally did not correspond to the information on the customer list. The discrepancies between self-identification and list identity in the 768 respondents are detailed in the table below:

List Type	Total (Base: 768)	Customer Defined		
		Current Choice (Base: 375)	Previous Choice (Base: 47)	Never Choice (Base: 346)
Current Choice	74.0%	97.9%	72.3%	48.3%
Previous Choice	2.0%	0.8%	14.9%	1.4%
Never Choice	24.1%	1.3%	12.8%	50.3%

Among the 512 customers who were listed as Current Choice customers on the Columbia Gas list:

- 64% responded that they were currently in the Choice program.
- 6% responded that they had previously been in the program, but were no longer participating.
- 30% responded that they have never been a Choice customer

The Matrix Group contacted customers in 20 counties by telephone in Central and Eastern Kentucky between March 12, 2012 and April 5, 2012.

The sample of 375 Choice customers and 393 non-Choice customers provides results at the 95% confidence level with a margin of error of plus or minus 5.03% for Choice, and 4.93% for non-Choice. A total of 768 interviews are reported in this study.

Notes:

Throughout this report, questions allowing multiple responses are marked with an asterisk (). Totals for these questions may add to more than 100%.*

1.2 Profile of Respondents

In which county do you live?

	Total (Base: 768)	Choice (Base: 334)	Non-Choice (Base: 372)
Fayette	51.3%	48.0%	55.1%
Bluegrass (CUME)	26.8%	26.0%	27.1%
Franklin	9.1%	8.1%	9.9%
Clark	5.9%	5.1%	6.2%
Scott	4.4%	3.6%	5.4%
Bourbon	2.6%	2.7%	2.2%
Woodford	2.6%	3.6%	1.9%
Estill	0.9%	1.2%	0.5%
Harrison	0.8%	1.2%	0.5%
Jessamine	0.4%	0.3%	0.5%
Madison	0.1%	0.3%	
Eastern (CUME)	21.9%	26.0%	17.6%
Boyd	8.9%	10.8%	7.0%
Greenup	5.7%	7.2%	4.8%
Mason	2.2%	2.4%	1.9%
Montgomery	2.2%	2.4%	1.9%
Lawrence	1.2%	1.5%	0.8%
Floyd	0.5%	0.9%	0.3%
Martin	0.5%	0.3%	0.3%
Pike	0.4%	0.4%	0.3%
Bath	0.1%	0.1%	0.3%
Nicholas	0.1%	0.1%	

Each respondent was categorized according to his or her self-identified participation history in the Customer Choice Program:

Program Participation		
	#	%
Total	768	100.0%
Current Choice	375	48.8%
Previous Choice	47	6.1%
Never Choice	346	45.1%

Profile of Respondents, continued

The customer list was used to stratify the sample to reflect the geography of Columbia Gas Choice and non-Choice customers. The tables below show the resulting geographical composition of the Choice and non-Choice respondents included in this study:

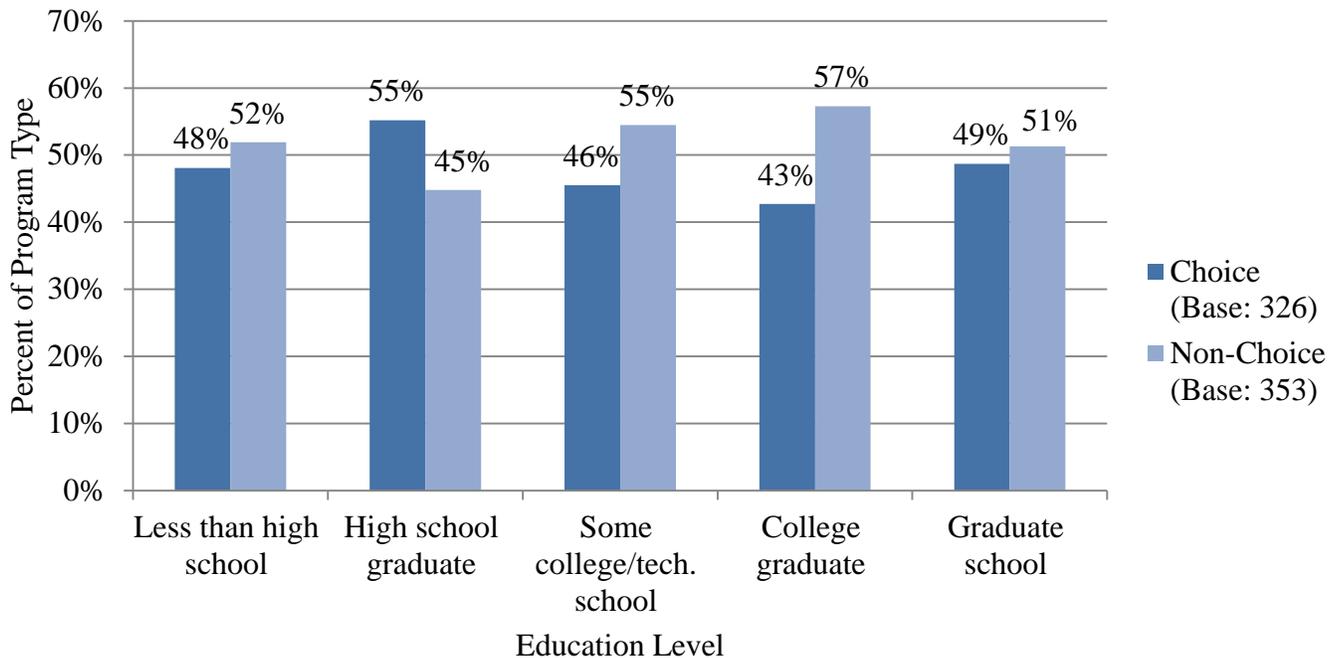
<i>Choice</i>	Total (Base: 375)	Residential (Base: 334)	Commercial (Base: 41)
Fayette	47.5%	47.9%	43.9%
Bluegrass	26.1%	26.0%	26.8%
Eastern	26.4%	26.0%	29.3%

<i>Non-Choice</i>	Total (Base: 393)	Residential (Base: 372)	Commercial (Base: 21)
Fayette	51.1%	52.3%	33.3%
Bluegrass	27.7%	27.3%	33.3%
Eastern	21.3%	20.5%	33.3%

Residential Respondents

What was the last grade of school you had the opportunity to complete?

Education by Program Type



Residential Respondents, continued

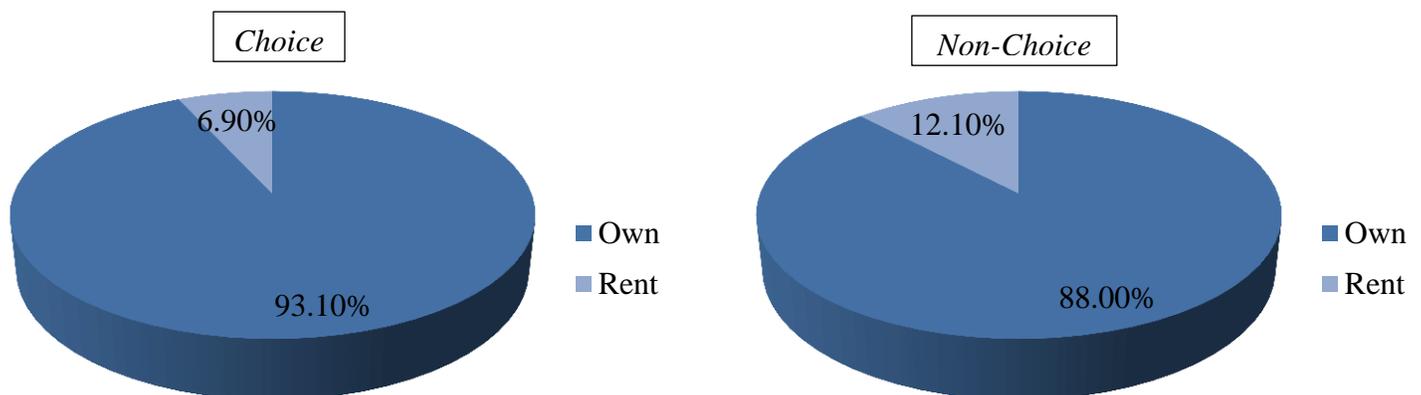
Into which of the following age categories does your age fall?

	Total (Base: 706)	Choice (Base: 334)	Non-Choice (Base: 372)
18-24	0.8%		1.6%
25-34	7.5%	2.1%	11.8%
35-44	6.2%	3.0%	9.1%
45-54	11.2%	9.6%	12.6%
55-64	20.5%	24.0%	17.5%
65+	50.1%	59.9%	41.4%
Refused	3.5%	1.5%	5.4%

Including yourself, how many people live in your household?

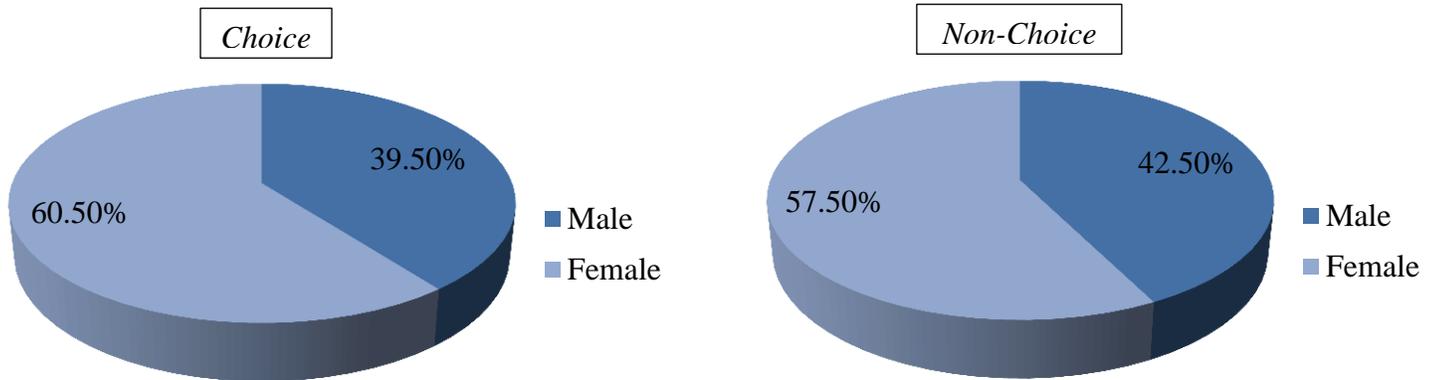
	Total (Base: 706)	Choice (Base: 334)	Non-Choice (Base: 372)
One	26.9%	29.0%	25.0%
Two	47.0%	51.2%	43.3%
Three	16.6%	13.2%	19.6%
Four	5.5%	3.3%	7.5%
Five or more	4.0%	3.3%	4.6%

Do you own or rent your home?



Residential Respondents, continued

Gender by observation:

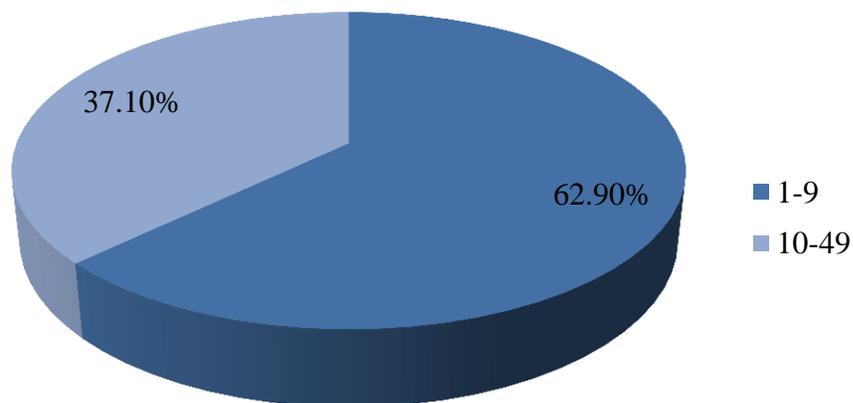


Do you have access to the internet?

Program Participation	Internet Access	Age					
		Total	18-34	35-44	45-54	55-64	65+
Choice (Base: 334)	Yes	68.7%	100.0%	100.0%	93.8%	93.8%	52.0%
	No	31.3%			6.2%	6.2%	48.0%
Non-Choice (Base: 372)	Yes	73.0%	100.0%	91.2%	85.1%	86.2%	50.6%
	No	27.0%		8.8%	14.9%	13.8%	49.4%

Commercial Respondents

How many people are employed at your location?



1.3 Insights

Overall, the research indicates that Current Choice participants have a high level of satisfaction with the Customer Choice program, and a majority of Current Choice respondents said they have saved money by participating in the program. However, though satisfaction with the Choice program is high, there are a number of barriers relating to the program.

While the survey was designed as a perception study, one of the most important and unexpected findings of the research was that Columbia Gas customers – both Choice and non-Choice – are not aware of how the Choice program works and what their options are. The Choice program depends on consumers being actively engaged in choosing a supplier and tracking savings over time. Yet the research shows that the average customer does not know enough about the program to make these educated decisions, and many customers do not even know if they are or are not participating in the Choice program. This lack of awareness and understanding is evident throughout the research findings.

Program Benefits

Many Choice customers seemed to confuse the Customer Choice program with the Budget Payment Plan. More than twice as many Current Choice customers said that the greatest benefit of the program was having a monthly fixed payment than said the greatest benefit was having a fixed rate. The fixed payment is a characteristic of the Budget Plan, while the fixed rate is a characteristic of the Choice program. This confusion was more common among respondents with a high school education or less, compared to those with more education. Without further research into the potential confusion in customer perceptions of the Choice program versus the Budget Plan, it is impossible to determine if awareness of the Choice program is as high as the findings in this study indicate.

Non-Choice customers also do not seem to understand what the Customer Choice program entails. Among those respondents who are not currently participating and have never participated in the Customer Choice program, a majority was unaware of the program. Customers who *had* heard of Choice were not fully aware of what the program involves, what is required to join the program, and what benefits customers can expect if they participate. More than 40% of these aware, non-Choice customers said they don't understand the program.

Having a choice vs. Saving money

A lack of awareness also plays into perceptions about having a choice in gas suppliers. The research shows that having a choice is desired by Columbia Gas customers; more than 75% of all respondents said it is important to have the ability to choose from whom they buy their gas supply. Yet 67% of Never Choice customers were not aware of the program at all. Nearly 85% of all respondents did not know that they could compare gas costs on the Public Service Commission's website. Customers want a choice, but many do not know that they can currently

make one, and they do not know where to look to make an educated choice. They say they want a choice, but they are not actively seeking opportunities to choose or looking for information to help them make a decision.

It is important to note, however, that, while respondents said that having a choice of suppliers is important, the research shows that the driving force behind their decisions and preferences is saving money. Current Choice customers were asked what the greatest benefit of the Choice program is, and less than 1% of respondents mentioned having the ability to choose a gas marketer as the greatest benefit. The number one reason that Current Choice respondents gave when asked why they joined the program was to save money. 80% of Choice customers said they would switch back to Columbia Gas if their monthly gas bills were not lower as a result of the Choice program. Similarly, the primary cause for dissatisfaction with the Choice program among Current Choice respondents was that they are not saving money, and the chief reason why Previous Choice customers left the program was that they were not saving money.

Tracking savings

Though saving money is of such high importance to customers, they are generally unaware of how to track their savings. Approximately half of Current Choice respondents do not know if they are saving money by participating in Choice. It is the consumer's job to track his or her own savings by seeking out cost comparison information. However, few knew that they could compare Columbia's gas cost to the gas cost of suppliers in the Customer Choice program on the Public Service Commission's website. Low awareness of this feature means that many customers do not have the information they need to make educated decisions about their natural gas or to track their potential savings.

One important finding to note is that customers ages 55 and older are the most likely to be Choice participants. Nearly half of respondents age 65 and older do not have internet access. Without access to the cost comparison information that is on the Public Service Commission's website, these customers have no way to track their savings.

While satisfaction with the Customer Choice program is high, this study revealed that customer perceptions of the Choice program are muddled by a number of factors. First, many people do not know what the program is, what the benefits of joining are, or how to join. Second, it seems that many customers are confusing the Customer Choice program with the Budget Payment Plan. Third, customers do not know how to track their savings or compare the costs of marketers in the program. For the Customer Choice program to be most transparent and effective, and for customer perceptions of the program to be uninfluenced by other factors like the Budget Payment Plan, consumers need to be better informed about the options available to them. Only then can the Choice program be truly evaluated on its own merits.

2.0 Summary of the Research

Are you a current participant in the Columbia Gas of Kentucky Customer Choice Program?

	Total (Base: 768)
Yes	48.8%
No	51.2%

- The sample list was used to divide customers into the two categories of Choice and Non-Choice customers. The goal was to interview an even number of the two categories. However, since some customers self-identified as something other than their list identity, the resulting ratio of Choice to Non-Choice skewed slightly to include two more Non-Choice than Choice customers.
- Among residential respondents, customers in the Eastern region were the most likely to be participants in the Choice program.
- Respondents 55 and older were more likely than younger age groups to be Current Choice customers.

2.1 Current Choice Customers

How long have you been a Choice customer?

	Total (Base: 375)	Residential (Base: 334)	Commercial (Base: 41)
Less than 2 years	7.5%	6.0%	19.5%
2 – under 3 years	13.1%	11.7%	24.4%
3 – under 4 years	17.1%	17.1%	17.1%
4 – under 5 years	6.1%	6.9%	
5 – under 6 years	20.0%	21.0%	12.2%
6 – under 10 years	11.2%	11.7%	7.3%
10 – under 11 years	12.8%	14.1%	2.4%
11 or more years	6.9%	7.5%	2.4%
Don't recall	5.3%	4.2%	14.6%
Mean years	5.9	6.17	3.39
Median years	5.0	5.0	2.0
Base	355	320	35

- Commercial Choice customers have participated in the program for approximately half the time that residential customers have participated.
- Among residential respondents, males have on average participated in the Choice program longer than females.
- Those with a high school degree or less have, on average, participated in Choice longer than those with more education.

Current Choice Customers, continued

*Thinking back to when you first enrolled in the Choice Program, why did you originally decide to participate?**

	Total (Base: 375)	Residential (Base: 334)	Commercial (Base: 41)
To save money	75.2%	75.7%	70.7%
To get a longer term fixed price	19.2%	18.9%	22.0%
Other¹	5.3%	5.4%	4.9%
Don't know	0.8%	0.6%	2.4%

- More than three quarters of all Current Choice respondents said they enrolled in the program to save money.
- Saving money was most likely to be the reason why respondents with a high school degree or less, as well as why respondents 65 and older, originally enrolled in Choice.

*What is the greatest benefit you receive from participating in the Customer Choice Program?**

	Total (Base: 375)	Residential (Base: 334)	Commercial (Base: 41)
Saving money	60.3%	60.2%	61.0%
Fixed payment amount	16.8%	15.3%	29.3%
Fixed rate	7.2%	6.3%	14.6%
I have not received any benefits	6.7%	6.6%	7.3%
Having a choice of providers	0.5%		4.9%
Other²	8.5%	9.3%	2.4%
Don't know	7.7%	8.4%	2.4%

I have lower bills and rates than when I wasn't in the program before.

It's a guaranteed amount you pay each month.

I can lock in my prices.

The guaranteed pricing has not produced any savings. There hasn't been much of a benefit.

- Though more than 75% of Current Choice respondents said they joined the program to save money, 60.3% say that the greatest benefit they receive from the program is cost savings.
- 16.8% say that the greatest benefit of the Choice program is that they pay the same amount every month. This could be due to confusion of the Choice program with the Budget Plan.
- Fayette County residential respondents were most likely to say that they had not received any benefits by participating in the Choice program.

¹ See Appendix

² See Appendix

Current Choice Customers, continued

Have you saved money by participating in the Choice Program?

	Total (Base: 375)	Residential (Base: 334)	Commercial (Base: 41)
Yes	51.5%	51.8%	48.8%
No	6.7%	6.0%	12.2%
Unsure/ Don't know	41.9%	42.2%	39.0%

- 51.5% of Current Choice respondents said that they have saved money by participating in the Choice program, despite the fact that 60.3% said that the greatest benefit of participating is saving money.
- Less than 7% said that they have not saved any money through the Choice program.
- Residential respondents with less than a high school education were the most likely to say that they have saved money by participating in Choice.

*[If you have saved money,] How do you know you have saved money?**

	Total (Base: 193)	Residential (Base: 173)	Commercial (Base: 20)
Lower monthly bills	90.2%	89.0%	100.0%
By comparing my bill to other people's gas bills	3.6%	4.0%	
Lower unit rate	2.1%	2.3%	
Other³	2.1%	2.3%	
Don't know	2.1%	2.3%	

My bill seems significantly lower.

I work for city government, and I can tell that their gas is more costly than my gas.

The price per unit is cheaper.

- Residential respondents in Fayette County were the most likely to cite lower monthly bills as the reason that they know they have saved money.
- Customers with a graduate degree were more likely than customers with less education to say that lower monthly bills are the reason they know they have saved money.

³ Other Responses: From what they told me when I switched, it was going to be better. I will call and talk to Columbia in the fall, and they will tell me which is cheaper. I used to receive something that showed the difference in price, but we don't receive that anymore. The bills average out about the same.

Current Choice Customers, continued

In the course of a year, how much do you think you have saved?

	Total (Base: 193)	Residential (Base: 173)	Commercial (Base: 20)
Indicated a dollar amount saved	57.0%	62.4%	10.0%
Indicated a percentage saved	16.6%	16.8%	15.0%
Does not know how much saved	38.9%	34.7%	75.0%

- Fayette County residential Choice customers were most likely to give their answer in terms of a percent.
- Those with less than a high school education were the most likely to say they did not know how much they have saved through the Choice program.

<i>Dollar amount saved</i>	Total (Base: 110)	Residential (Base: 108)	Commercial (Base: 2)
Under \$25	9.1%	9.3%	
\$25 - \$49	12.7%	13.0%	
\$50 - \$59	15.5%	14.8%	50.0%
\$60 - \$74	13.6%	13.9%	
\$75 - \$99	7.3%	7.4%	
\$100 - \$199	21.8%	21.3%	50.0%
\$200 - \$299	13.6%	13.9%	
\$300 or more	6.4%	6.5%	
Mean dollars saved	\$107.02	\$107.38	\$87.50
Median dollars saved	\$71.00	\$71.00	\$87.50

- Residential respondents in the Bluegrass area self-reported a higher average savings amount (\$134.12) than respondents in the Fayette (\$94.59) and Eastern (\$105.30) areas.

<i>Percentage saved</i>	Total (Base: 32)	Residential (Base: 29)	Commercial (Base: 3)
Under 5%	15.6%	17.2%	
5% - 9%	18.8%	20.7%	
10% - 14%	25.0%	24.1%	33.3%
15% - 24%	25.0%	20.7%	66.7%
25% or more	15.6%	17.2%	
Mean percentage saved	15.1%	15.3%	13.3%
Median percentage saved	10.0%	10.0%	15.0%

- Bluegrass respondents also reported a higher than average cost savings percentage (37% vs. 15.12%), compared to respondents in the Fayette (10.83%) and Eastern (10.0%) areas.

Current Choice Customers, continued

*[If you have not saved money,] Why do you continue to participate in the Choice Program?**

	Total (Base: 182)	Residential (Base: 161)	Commercial (Base: 21)
I hope to save money	43.4%	45.3%	28.6%
It is easier to remain in the program than to switch back to Columbia	28.6%	28.6%	28.6%
I like having a long-term fixed price	15.4%	12.4%	38.1%
My contract with the gas supplier	2.7%	3.1%	
Other⁴	8.8%	9.3%	4.8%
Don't know	1.1%	1.2%	

- A significantly higher than average percentage of Eastern area Current Choice respondents says that they continue in the Choice program because they hope to save money in the future.
- Those with graduate level education were more likely than respondents with less education to remain in the Choice program because it is easier to remain in the program than to switch back to Columbia.
- The long-term fixed price was the most common reason that respondents ages 18-34 continue in the Choice program, even though they have not saved any money.

If your monthly gas bills were not lower as a result of the Choice Program, how likely is it that you would switch back to Columbia Gas?

<i>Scale: Very likely = 4; Not at all likely = 1</i>	Total (Base: 375)	Residential (Base: 334)	Commercial (Base: 41)
Very likely	56.3%	56.9%	51.2%
Somewhat likely	23.5%	23.4%	24.4%
Not very likely	6.1%	6.0%	7.3%
Not at all likely	1.6%	1.5%	2.4%
It depends	4.0%	3.6%	7.3%
Don't know/ Not sure	8.5%	8.7%	7.3%
Mean	3.54	3.55	3.46

- Residential respondents ages 55-64 were the most likely of any of the age groups to say that they would be very likely to switch back to Columbia Gas if their monthly gas bills were not lower as a result of the Choice program.
- Those with less than a high school diploma were the least likely of any of the residential respondents to switch back to Columbia gas if they were not saving money in the Choice program.

⁴ See Appendix

Current Choice Customers, continued

Reasons for saying likelihood of switching “Depends”*

	Total (Base: 15)	Residential (Base: 12)	Commercial (Base: 3)
I would switch back if Columbia Gas was cheaper	80.0%	91.7%	33.3%
Like the ability to choose price	6.7%		33.3%
Prefer to stay with the program	6.7%		33.3%
Other⁵	13.3%	16.7%	

- Respondents with less than a high school degree were more likely than respondents with more education so say their likelihood of switching back to Columbia gas “Depends.”

How satisfied are you with your participation in the Customer Choice Program?

<i>Scale: Very satisfied = 4; Not at all satisfied = 1</i>	Total (Base: 375)	Residential (Base: 334)	Commercial (Base: 41)
Very satisfied	49.9%	50.9%	41.5%
Somewhat satisfied	45.3%	44.3%	53.7%
Not very satisfied	4.0%	3.9%	4.9%
Not at all satisfied	0.8%	0.9%	
Mean	3.44	3.45	3.37

- More than 95% of Current Choice respondents are somewhat or very satisfied with the Choice program.
- Current Choice respondents with less than a high school education gave the highest average satisfaction rating (3.85 out of 4.0) of the Customer Choice program.
- Those in Fayette County gave the lowest average satisfaction rating (3.35) out of the three geographic areas surveyed.

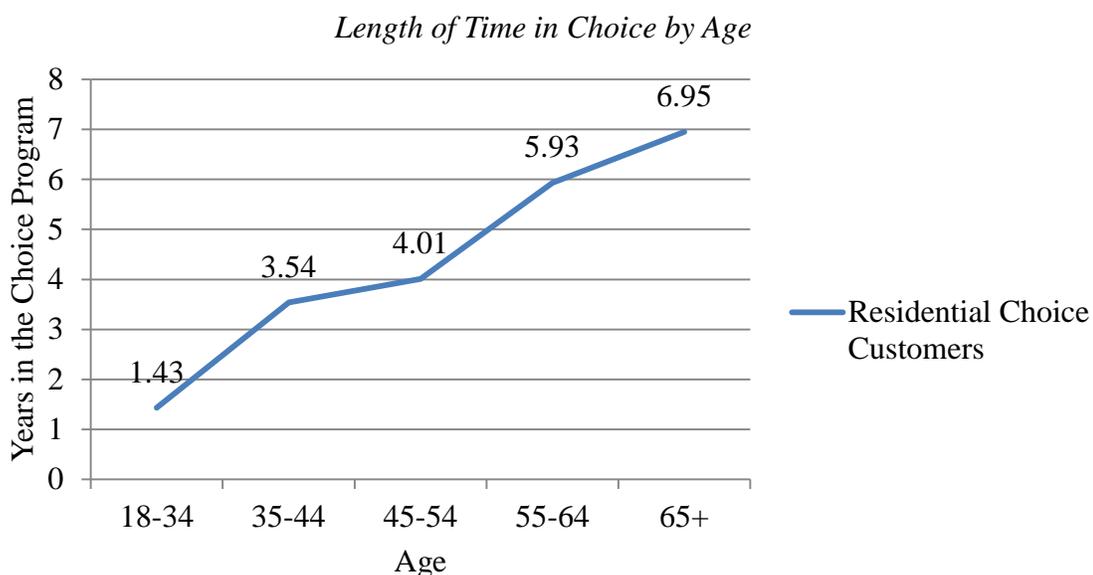
⁵ Other Responses: I'm satisfied with them. It depends on how hard it is to switch.

Current Choice Customers, continued

Why are you not satisfied [with your participation in the Customer Choice Program]?*

	Total (Base: 18)	Residential (Base: 16)	Commercial (Base: 2)
I am not saving money	61.1%	62.5%	50.0%
Poor customer service	5.6%		50.0%
Other⁶	33.3%	37.5%	

- The primary “other” reasons given involve a deficiency of information about the program or the amount of savings.



- Customers age 65 and older have on average been Choice participants for significantly longer than other age groups.

⁶ Other Responses: I do not know if I am still in it. I don't really know if I'm really participating; I don't know enough about it. I don't really understand it; Columbia Gas should give out more information, so that the customer can tell what would be the best choice; I think the company should just choose the cheapest option for the customer. I tried to change to a different provider, and it was a hassle. I'm not aware of what I am saving, and it is not clear how much you are saving. It's a hassle switching back.

Non-Choice Customers

Have you ever been a participant in the Columbia Gas of Kentucky Customer Choice Program?

	Total (Base: 393)	Residential (Base: 372)	Commercial (Base: 21)
Yes	12.0%	11.8%	14.3%
No	88.0%	88.2%	85.7%

- Those who have participated in the Choice program, but are not currently participating, are considered Previous Choice Customers.
- Those who have not ever participated in the program are considered Never Choice Customers.

2.2 Previous Choice Customers

For how long were you a Choice customer?

	Total (Base: 47)	Residential (Base: 44)	Commercial (Base: 3)
Less than 2 years	23.4%	20.5%	66.7%
2 years	29.8%	29.5%	33.3%
3 years – under 4 years	19.1%	20.5%	
4 years – under 9 years	19.1%	20.5%	
10 or more years	4.3%	4.5%	
Don't recall	4.3%	4.5%	
Mean years	2.95	3.07	1.33
Median years	2.00	2.00	1.00

- More than 50% of Previous Choice respondents were participants in the Choice program for two years or less.
- Respondents in the Bluegrass area participated in the Choice program for a longer average time than respondents in the other two areas.
- Residential Previous Choice customers with only a high school degree participated in Choice for the longest average time span (3.87 years).

Previous Choice Customers, continued

*Why are you no longer participating in the Choice Program?**

	Total (Base: 47)	Residential (Base: 44)	Commercial (Base: 3)
I was not saving money	40.4%	38.6%	66.7%
It expired/ I forgot to/ Just didn't renew	12.8%	13.6%	
Columbia Gas was less expensive	10.6%	11.4%	
Moved to a different residence	10.6%	11.4%	
Prefer Columbia Gas	4.3%	4.5%	
I had problems with my gas supplier	2.1%	2.3%	
Other⁷	14.9%	15.9%	
Don't know	4.3%	2.3%	33.3%

The terms expired and I forgot to renew.

Columbia had lower rates than the other company.

We moved and chose not to join the program.

- Residential Previous Choice customers with a high school education or less were the most likely to say that they stopped participating in Choice because they were no longer saving money.
- Respondents in the Bluegrass and Eastern regions were more likely than the average to have stopped participating because they were not saving money.
- Fayette County residents were more likely than respondents in the other two areas to have stopped participating in Choice because they moved to a different residence.

⁷ Other Responses: I didn't like it. I felt it would be simpler if there was an issue if the supplier and those responsible for gas delivery were the same. I went to a different supplier. I'm not sure if I'm still enrolled in it or not. I'm renting the home. The company that we were with went under. We are using electric now.

2.3 Never Choice Customers

Are you aware of the Customer Choice Program?

	Total (Base: 346)	Residential (Base: 328)	Commercial (Base: 18)
Yes	33.5%	33.2%	38.9%
No	66.5%	66.8%	61.1%

- Residential respondents in Fayette County were the most likely to be aware of the Choice program.
- Those in the Eastern area were the least likely to be aware of the program.
- Residential respondents with a college degree or higher were more likely than those with less education to be aware of the Customer Choice program.

*[If you have heard of it,] What has kept you from participating in the Customer Choice Program?**

	Total (Base: 116)	Residential (Base: 109)	Commercial (Base: 7)
I am satisfied with Columbia Gas	53.4%	52.3%	71.4%
I don't believe I would save money	40.5%	42.2%	14.3%
I don't understand the program	40.5%	40.4%	42.9%
It is too much trouble to switch	27.6%	25.7%	57.1%
I have no interest in participating	6.0%	6.4%	
Just haven't looked into it	3.4%	3.7%	
Other⁸	16.4%	17.4%	

- Respondents ages 45-54 were significantly more likely than respondents in other age categories to say that they were satisfied with Columbia Gas, and therefore had no reason to participate in the Choice program.
- Never Choice respondents ages 18-34 were more likely than other ages to say that they don't believe they would save money through the Choice program.
- Those in the Eastern area were more likely than respondents in the other two areas to say that they don't understand the program.

⁸ See Appendix

2.4 All Respondents

How important is it to you to have the ability to choose from whom you buy your gas supply, whether you save money or not?

<i>Scale: Very important = 4; Not at all important = 1</i>	Total (Base: 768)	Residential (Base: 706)	Commercial (Base: 62)
Very important	44.5%	43.6%	54.8%
Somewhat important	32.3%	32.6%	29.0%
Not very important	11.6%	12.0%	6.5%
Not at all important	6.5%	6.4%	8.1%
Don't know	5.1%	5.4%	1.6%
Mean	3.21	3.20	3.33

- The ability to choose from whom you buy your gas supply was rated of higher importance by those with less than a high school education (3.46 out of 4.0) than it was by those with higher levels of education.
- Choosing your gas supplier was rated of higher importance by respondents in the Eastern area than it was by respondents in the other two areas.

	Total (Base: 768)	Current (Base: 375)	Previous (Base: 47)	Never (Base: 346)
Very important	44.5%	53.3%	27.7%	37.3%
Somewhat important	32.3%	28.3%	44.7%	35.0%
Not very important	11.6%	8.8%	10.6%	14.7%
Not at all important	6.5%	5.3%	17.0%	6.4%
Don't know	5.1%	4.3%		6.6%
Mean	3.21	3.35	2.83	3.11

- Current Choice respondents rated the ability to choose your gas supplier as more important than Previous or Never Choice respondents did.
- Previous Choice respondents were significantly more likely than respondents in the other two participation categories to rate the ability to choose your gas supplier as “not at all important.”

All Respondents, continued

Are you aware that you can compare Columbia's gas cost to the gas cost of gas suppliers in the Customer Choice program on the Public Service Commission's website?

	Total (Base: 768)	Residential (Base: 706)	Commercial (Base: 62)
Yes	18.2%	16.7%	35.5%
No	81.8%	83.3%	64.5%

- Fayette County respondents were the most likely to be aware that the Public Service Commission's website includes a comparison of the gas costs offered by Columbia and suppliers in the Customer Choice program.
- Respondents ages 18-34 were less likely than older respondents to be aware that they can compare costs online.

Appendix

Other Responses

From page 11:

Q3. Thinking back to when you first enrolled in the Choice Program, why did you originally decide to participate?

Convenience.

I had to choose a supplier when I moved into this building.

I joined as a favor to a friend to help her out with her job.

I joined for the price.

I just agreed with the letter I got.

I just decided to make a change.

I just picked a choice.

I just wanted to try it out.

I like having a choice. (2)

I thought I might as well try it.

I thought it was a good deal.

I took over for another manager, so I can't say why he would have participated.

I'm trying something new.

It seemed like the thing I needed to do.

It's a nice option being offered.

No particular reason.

Referral from friends.

Suggestion.

To have different options.

To heat with better.

We expected unstable gas pricing, and wanted a sure budget.

We wanted to look into the different providers and what they offered.

Q4. What is the greatest benefit you receive from participating in the Customer Choice Program?

Compatible prices.

Convenience.

Good service.

I am happier with the service.

I am not sure if I have saved money or not. I keep paying around the same amount every month.

I assume it's beneficial.

I can't tell any difference anymore. There's not enough information.

I do not know if I have saved money or not. It comes out of my checking account.

I do not know whether I am saving money or not. I have not compared prices.

I do not think it is any cheaper than staying with Columbia Gas.

I don't think there is much of a benefit. It just heats my house.

I feel like if something were to happen with the supply of gas, I would have more security being in the program.

I get great service.

I had no problem with it.

*I have some money, and my bank would let me know if I have spent over my budget every month.
I honestly don't know if we have received any. It is easy to sign up for, but not easy to change.
I like choosing a company to meet my natural gas needs.
I like having 30 days to pay the bill.
I like having a choice.
I like having the ability to make the choice.
I'm happy with the program.
It gives us a choice to compare different companies to meet our gas needs.
It seems to be a good program, but I don't see much of a difference.
It was easier.
It works for me.
It's not expensive.
It's the same great service that is offered by Columbia.
The auto-draft bill pay - they give enough notice to be sure the correct amount of money can be deposited.
To have heat throughout the whole house when it's winter.
We have always used Columbia Gas, and we feel like the price is very fair.
When we get our bill, they explain how much provider is offering it for.*

From page 14:

Q5c. Why do you continue to participate in the Choice Program?

*I am satisfied with current service.
I don't know how to change back to Columbia Gas. (3).
I haven't been presented with another option.
I haven't gotten around to changing back.
I haven't opted out, so I guess I'm participating.
I never decided to look into other options.
I never thought into it.
I plan on changing back.
I wanted to see if it would be cheaper.
I'm satisfied with gas rate, because it's reasonable.
I'm trying to get out of it, because it's not useful for me anymore.
It doesn't cost me anything to continue.
It's the lesser of two evils. I just go with the flow. I can't say anything good or bad about the program.
There's no better alternative.*

From page 19:

Q9a. What has kept you from participating in the Customer Choice Program?

*I am too old to be switching companies now.
I did not want to get involved in switching companies. (2)
I didn't like being locked into a rate.
I do all bill paying on-line, and completing the Choice program forms on-line isn't an option.
I do not like switching to a different company.*

I do not want to lock into anything right now.

I don't feel it will give me enough control over monthly gas bill.

I don't like less control with the fixed rate.

I don't think I want a variable rate.

I don't want to lock in the price. I don't know what will happen to the prices, so I don't want to be locked in.

I have no need for it.

I haven't found its value yet.

I haven't looked into switching to the Customer Choice program.

I like to use local gas.

I never like a fixed rate.

I wasn't sure how long I was going to live in my current situation, so I didn't want to commit to something for a year.

I would rather pay the bill in the winter months and breathe easier in the summer.

I'm distrustful of it.

I'm unsure of when gas rates will rise or fall.

Customer Choice Telephone Survey

Hello, I'm _____ with The Matrix Group, and I'm calling on behalf of the Public Service Commission and Columbia Gas. The Public Service Commission has asked Columbia Gas to conduct an anonymous survey to gain an understanding of how customers feel about the Customer Choice Program. Your responses will remain confidential throughout the survey.

Do you have just a few minutes to answer our questions? Thank you! (OR ASK FOR A MORE CONVENIENT TIME TO CALL BACK)

1. Are you the person in your household who is responsible for making decisions regarding your Columbia Gas bill?

Yes >>> **GO TO Q 2**

No >>> May I speak to the individual who is responsible for those decisions? Thank you! (OR ASK FOR A MORE CONVENIENT TIME TO CALL BACK)

2. Are you a current participant in the Columbia Gas of Kentucky Customer Choice Program?

Yes >>> **GO TO Q 2A** No >>> **GO TO Q8**

Don't Know >>> **THANK & TERMINATE**

2A. How long have you been a Choice customer? _____

3. Thinking back to when you first enrolled in the Choice Program, why did you originally decide to participate?

To get a longer fixed term price

To save money

Other _____

4. What is the greatest benefit you receive from participating in the Customer Choice Program?

5. Have you saved money by participating in the Choice Program?

Yes >>> **GO TO Q 5A & B**

No >>> **GO TO Q5C**

Unsure/Don't know >>> **GO TO Q5C**

5A. How do you know you have saved money?

Lower monthly bills

Other - SPECIFY

5B. In the course of a year how much do you think you have saved?

\$ _____ %

5C. Why do you continue to participate in the Choice Program?

- I hope to save money.
- My contract with the gas supplier
- I like having a long-term fixed price
- It is easier to remain in the program than to switch back to Columbia
- Other- SPECIFY: _____

6. If your monthly gas bills were not lower as a result of the Choice Program, how likely is it that you would switch back to Columbia Gas?

- Very Likely
- Somewhat Likely
- Not Very Likely
- Not At All Likely
- Don't Know/Not Sure
- It Depends: _____

7. How satisfied are you with your participation in the Customer Choice Program?

- Very satisfied
- Somewhat satisfied
- Not very satisfied >> GO TO Q7A
- Not at all satisfied >> GO TO Q7A

7A. Why are you not satisfied: _____ >>> **GO TO Q10**

8. Have you ever been a participant in the Columbia Gas of Kentucky Customer Choice Program?

- Yes >>> **GO TO Q 8A & 8B**
- No >>> **GO TO Q9**

8A. For how long were you a Choice customer? _____

8B. Why are you no longer participating in the Choice Program?

- I was not saving money
 - I had problems with my gas supplier.
 - Other _____
- >>> **GO TO Q10**

9. Are you aware of the Customer Choice Program?

- Yes >>> **GO TO 9A**
- No >>> **GO TO Q10**

9A. What has kept you from participating in the Customer Choice Program?

- It is too much trouble to switch
- I don't believe I would save money
- I don't understand the program
- Other: _____

10. How important is it to you to have the ability to choose from whom you buy your gas supply, whether you save money or not?

- Very important
- Somewhat important
- Not very important
- Not at all important
- Don't Know

11. Are you aware that you can compare Columbia's Gas cost to the gas cost of gas suppliers in the Customer Choice Program on the Public Service Commission's website?

www.psc.state.ky.us.Home/ColumbiaChoice

- Yes
- No

The following questions are for classification purposes only.

12. In what county do you live? _____

13. Do you own or rent your home?

- Own
- Rent

14. Into which of the following age categories do you fall?

- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65+
- Refused >>> **Do Not Read**

15. Including yourself, how many people live in your household?

- One
- Two
- Three
- Four
- Five or more

16. What was the last grade of school you had the opportunity to complete? READ LIST

- Less than high school
- High school graduate
- Some college/ technical school
- College Graduate
- Graduate School
- Refused >>> **Do Not Read**

17. Do you have access to the Internet?

- Yes
- No

If you are interested in learning more about the Customer Choice Program, please visit:

www.columbiagasky.com or call 800-432-9345

**That concludes our questions.
Thank you so much for your time and cooperation.**

RESPONDENT GENDER BY OBSERVATION Male Female

Note: A slightly modified version of this survey was used for commercial respondents.