

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF  
ELECTRONIC TARIFF FILING OF  
COLUMBIA GAS OF KENTUCKY, INC.  
TO EXTEND ITS SMALL VOLUME GAS  
TRANSPORTATION SERVICE.

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CASE NO. 2021-00386

**DIRECT TESTIMONY  
AND EXHIBITS**

**OF**

**TRAVIS KAVULLA**

**ON BEHALF OF**

**XOOM ENERGY KENTUCKY, LLC**

Statement No. TK1  
March 25, 2022

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Travis Kavulla, and I am Vice President, Regulatory Affairs for NRG Energy,  
3 Inc. (“NRG”). My business address is 1825 K. St. NW, Suite 1203, Washington, D.C.  
4 20006.

5 **Q. HOW LONG HAVE YOU BEEN IN THIS POSITION?**

6 A. I have been in this position since September 2019.

7 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

8 A. I am testifying on behalf of XOOM Energy Kentucky, LLC (“XOOM”), an affiliate of  
9 NRG.

10 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**  
11 **PROFESSIONAL EXPERIENCE.**

12 A. My professional experience as well as my educational background are fully described in  
13 Exhibit TK-1. However, I wish to highlight some of this prior experience and background  
14 as it pertains to this proceeding. Prior to joining NRG, I led the R Street Institute’s energy  
15 program, and wrote and commented extensively on public utility regulation. Before that,  
16 I served for eight years as a Commissioner at the Montana Public Service Commission  
17 (“MT PSC”), during which time I served as the Chairman of the MT PSC from 2011-2012  
18 and as Vice Chairman from 2015-2019. While serving on the MT PSC, I was also the  
19 President of the National Association of Regulatory Utility Commissioners (“NARUC”)  
20 and a member of the advisory council of the Electric Power Research Institute. In addition,  
21 I have served on the governing body of one of North America’s largest real-time electricity  
22 markets, the Western Energy Imbalance Market. I received my Bachelor’s degree in  
23 History from Harvard University and a Master’s degree, also in History, from the  
24 University of Cambridge, where I was a Gates Scholar. As noted above, more details are  
25 set forth in Exhibit TK-1.

1 **Q. HAVE YOU EVER TESTIFIED BEFORE THE KENTUCKY PUBLIC SERVICE**  
2 **COMMISSION (“COMMISSION” OR “PSC”)?**

3 A. No.

4 **Q. HAVE YOU TESTIFIED BEFORE ANY OTHER UTILITY REGULATORY**  
5 **AGENCY, COURTS OR LEGISLATIVE BODIES?**

6 A. Yes. I have provided testimony before both the U.S. Senate Energy and Natural Resource  
7 Committee and the U.S. House Energy and Commerce Committee, the Pennsylvania  
8 Public Utility Commission, as well as a number of state legislative committees. I have  
9 testified on behalf of NARUC, the MT PSC, and NRG at technical conferences of the  
10 Federal Energy Regulatory Commission. I have filed comments before various state  
11 regulatory commissions, including those of California, Maryland, Minnesota, New Jersey,  
12 New York, Pennsylvania, and Rhode Island.

13 **Q. CAN YOU PLEASE SUMMARIZE THE ISSUES YOU WILL DISCUSS?**

14 A. Three key elements of a successful retail energy choice program include customer  
15 awareness, ease of customer participation, and customer satisfaction. My Direct Testimony  
16 describes opportunities for an enhanced customer-focused, customer-driven Small Volume  
17 Gas Transportation Service (“Choice Program” or “Program”). In my Direct Testimony I  
18 make recommendations for increasing consumer awareness of the Choice Program that can  
19 lead to greater customer participation, which in turn drives product innovation and robust  
20 competition that benefits customers.

21 **Q. PLEASE BRIEFLY DESCRIBE XOOM.**

22 A. XOOM is an affiliate of NRG and is an active supplier in the Choice Program. XOOM has  
23 been offering natural gas products of varying durations and serving residential and  
24 commercial customers in the Columbia service territory since January 2013. XOOM  
25 operates in numerous jurisdictions throughout the Eastern U.S., California, and Canada in

1 addition to Kentucky, and is part of the NRG corporate family which includes other natural  
2 gas and electricity retail suppliers that collectively serve over six million electricity and  
3 natural customers across 24 U.S. states, the District of Columbia, and eight provinces in  
4 Canada. In 2020, the NRG companies supplied approximately 152 TWH of electricity and  
5 914 MMDth of natural gas.

6 **Q. WHAT IS XOOM’S INTEREST IN THIS PROCEEDING?**

7 **A.** XOOM is interested in the continuation as well as the success of Columbia Gas of  
8 Kentucky, Inc.’s (“Columbia”) Choice Program. The Application proposed by Columbia  
9 involves continuation of the Choice Program and, as such, will directly impact XOOM,  
10 current Choice Program customers, and future Choice Program customers. XOOM offers  
11 different products to its customers in the Choice Program, sometimes locking in rates for  
12 significant time periods. Additionally, XOOM has invested in operations to serve and  
13 supply customers in the Choice Program and has also invested in acquiring customers.  
14 Accordingly, possible changes to the Choice Program tariff impact both XOOM and its  
15 customers.

16 **Q. CAN YOU PROVIDE AN OVERVIEW OF COLUMBIA’S CHOICE**  
17 **PROGRAM?**

18 **A.** Columbia’s Choice Program allows residential and business customers to purchase natural  
19 gas commodity supply from suppliers other than Columbia. The many customers who do  
20 not choose an alternative supplier continue having Columbia as their gas supplier, as do  
21 any customers who actively choose to return to the utility’s supply service. Whether a  
22 customer chooses a retail supplier or Columbia, the utility delivers the customer’s gas and  
23 performs functions including meter reading, billing, and responding to emergencies.  
24 Supplier eligibility is determined by Columbia, with oversight by the PSC. To be deemed



1 eligible, suppliers must meet Columbia’s credit standards and agree to conduct business in  
2 accordance with Columbia’s standard of conduct for Choice-approved marketers.<sup>1</sup>

3 **Q. HOW LONG HAS THE CHOICE PROGRAM BEEN OFFERED IN KENTUCKY?**

4 A. The Choice Program was launched with approval of the Commission in 2000 as a “pilot”  
5 program.<sup>2</sup> More than 20 years later, the Program is still labeled a pilot. The Program may  
6 only be extended by Order of the Commission approving Columbia’s Choice tariff. The  
7 Choice Program pilot has been extended by approval of the Commission six times since  
8 initial approval for varying periods of one to five years at a time.<sup>3</sup> The current pilot was set  
9 to expire on March 31, 2022, a deadline which has since been extended by the Commission  
10 during the pendency of this proceeding.<sup>4,5</sup>

11 **Q. HOW MANY SUPPLIERS ARE CURRENTLY PARTICIPATING IN THE**  
12 **CHOICE PROGRAM?**

13 A. Currently, nine certified suppliers participate in the Choice Program.<sup>6</sup>

14 **Q. HOW CAN CUSTOMERS BENEFIT BY SWITCHING TO A RETAIL**  
15 **MARKETER/SUPPLIER SUCH AS XOOM OR OTHERS?**

16 A. First and foremost, retail suppliers such as XOOM bear the risk of gas price fluctuations in  
17 a way that regulated utilities do not. To use XOOM as an example, the company offers  
18 customers fixed-rate, fixed-term plans that shelter customers from the type of volatility we

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<sup>1</sup> See Columbia Gas of Kentucky, Inc. Gas Tariff, PSC KY No. 5, Seventh Revised Sheet No. 33.

<sup>2</sup> See Case No. 1999-00165, *In the Matter of the Tariff Filing of Columbia Gas of Kentucky, Inc. to Implement a Small Volume Gas Transportation Service, to Continue its Gas Cost Incentive Mechanisms, and to Continue its Customer Assistance Program*, Order (Mar. 6, 2000).

<sup>3</sup> Please see Case Nos. 1999-00165, 2004-00462, 2008-00195, 2010-00233, 2013-00167, and 2017-00115.

<sup>4</sup> See Case No. 2017-00115, *In the Matter of Tariff Filing of Columbia Gas of Kentucky, Inc. to Extend its Small Volume Transportation Service*, Final Order (Jun. 19, 2017) at p. 4.

<sup>5</sup> See Case No. 2021-00386, *In the Matter of Electronic Tariff Filing of Columbia Gas of Kentucky, Inc. to Extend its Small Volume Gas Transportation Service*, Order (Mar. 17, 2022) (granting the February 28, 2022 joint motion by XOOM, IGS, and CNEG, extending the CHOICE program under its current terms and conditions until a final Order is entered in this proceeding).

<sup>6</sup> See Columbia’s Response to XOOM Set 1, Question 3, attached as Exhibit TK-2.

1 have seen due to extreme weather, supply and demand imbalance, and the geo-political  
2 explosiveness we are experiencing in real time. Natural gas prices at Henry Hub have risen  
3 almost 130 percent from 2020 to the first two weeks of Russia’s invasion of Ukraine.<sup>7</sup>  
4 XOOM offers Choice Program residential and business customers a refuge from gas price  
5 volatility with fixed plans ranging from 4 to 24 months.<sup>8</sup>

6 When a customer buys such a product, he or she is in effect buying insurance  
7 against their commodity supply. The retailer is making an offer based on its forward  
8 estimate of its cost of providing service. However, if actual costs diverge from the retailer’s  
9 projection, there is no method for the retailer to recoup these losses. The retailer owns that  
10 risk, and of course prices the risk into the insurance-like gas product that it sells to the  
11 customer.

12 **Q. HOW DOES THIS COMPARE TO WHAT THE UTILITY OFFERS?**

13 A. Like XOOM, the utility makes forward estimates of its gas costs and those estimates  
14 become the core component of the prices its customers pay. However, unlike XOOM, the  
15 utility generally does not bear the risk of wrongly estimating its gas costs. Instead, when  
16 costs rise above what the utility estimated in any given month, it ultimately recoups those  
17 costs in future months from customers who took gas-supply service from the utility in that  
18 past month. This reconciliation can be substantial. For the current quarter’s utility rates, it  
19 is \$1.1744 per Mcf, or 18% of the total supply charge of \$6.6198 per Mcf.<sup>9</sup>

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<sup>7</sup> See MacroTrends, *Natural Gas Prices – Historical Chart*, <https://www.macrotrends.net/2478/natural-gas-prices-historical-chart%3ENatural%20Gas%20Prices%20-%20Historical%20Chart> (last visited Mar. 17, 2022).

<sup>8</sup> See XOOM Energy, *Columbia Gas of Kentucky – Residential Service Plans*, <https://xoomenergy.com/en/residential/kentucky/natural-gas/columbia-gas-of-kentucky?dez=40602> (last visited Mar. 17, 2022).

<sup>9</sup> See Columbia Gas of Kentucky, *Tariff, notices and price information*, <https://www.columbiagasky.com/our-company/about-us/regulatory-information> (last visited Mar. 23, 2022).

1 Put another way, customers bear the risk of the utility’s gas purchasing activities in  
2 its relationship with customers—while in the competitive market, it is competitive retailers  
3 like XOOM who bear the risk of their purchasing activities in their relationship with  
4 customers. The two different business models grapple with the innate risk of the gas  
5 markets in fundamentally different ways. One model socializes it to customers, and one  
6 model bears it upon its own business.

7 **Q. HOW WOULD THIS “INNATE RISK” BE DEALT WITH IF THE PILOT WAS**  
8 **TERMINATED OR NOT MADE PERMANENT?**

9 A. The innate risk of gas markets would be socialized to all the consuming public, with no  
10 opportunity for the public to buy the kind of “insurance” product that XOOM and other  
11 retailers offer. In my view, this is inappropriate. The public has no managerial ability to  
12 control the timing and strategy of gas purchases that the utility may or may not make on  
13 the public’s behalf. At a minimum, customers should have an option through their own  
14 purchasing decisions to place that risk back upon the shoulders of private business. That is  
15 especially the case now that this risk is once again especially manifest in the recent  
16 volatility of the gas markets, after more than a decade of relative calm.

17 **Q. YOU REFER TO THIS AS AN “INSURANCE” PRODUCT. DO CUSTOMERS**  
18 **PAY SOME KIND OF PREMIUM FOR THAT “INSURANCE”?**

19 A. It is not a separately stated premium, because it is bundled together as part of the gas-  
20 supply price, but, yes, that is a way of thinking about it. Fixed forward prices may be higher,  
21 indeed may even be likely to be higher, than the average cost of spot purchases over time.  
22 But that is because the insurance policy shifts the risk of price spikes within the period of  
23 the fixed-rate plan back onto suppliers, and those suppliers naturally assess a risk premium  
24 in view of the risk they—unlike the utility—have agreed to absorb. By contrast, in the

1 regulated-utility world, a captive base of customers from whom past costs may be  
2 recovered in the future is a different type of insurance policy—one that exists for the benefit  
3 of the utility’s shareholders. Thought of another way, one may conclude: If as a consumer,  
4 you are not buying an insurance policy, you are the insurance policy.

5 **Q. WHAT WOULD HAVE BEEN THE RESULTS, FINANCIALLY, FOR A**  
6 **CUSTOMER WHO BOUGHT SUCH AN “INSURANCE” POLICY FROM XOOM**  
7 **THAT COVERED THIS WINTER?**

8 A. I recommend that consumers shop for gas in the off-season, several months before winter  
9 arrives. (This should be incorporated into the consumer education messaging that attends  
10 the Choice Program, as I describe below.) So let us assume that in August, a customer went  
11 to our website and bought the product XOOM was in the market offering: XOOM  
12 SureLock 12 - - a product with a 12-month term at a fixed price of \$4.89 Per Mcf.<sup>10</sup>  
13 Assuming the utility switched the customer’s account for service starting in September, the  
14 “insurance” product would have paid off to the financial benefit of the customer during the  
15 2021-22 winter and at least for the first 9 months of the contract period for which we know  
16 what utility rates are.<sup>11</sup>

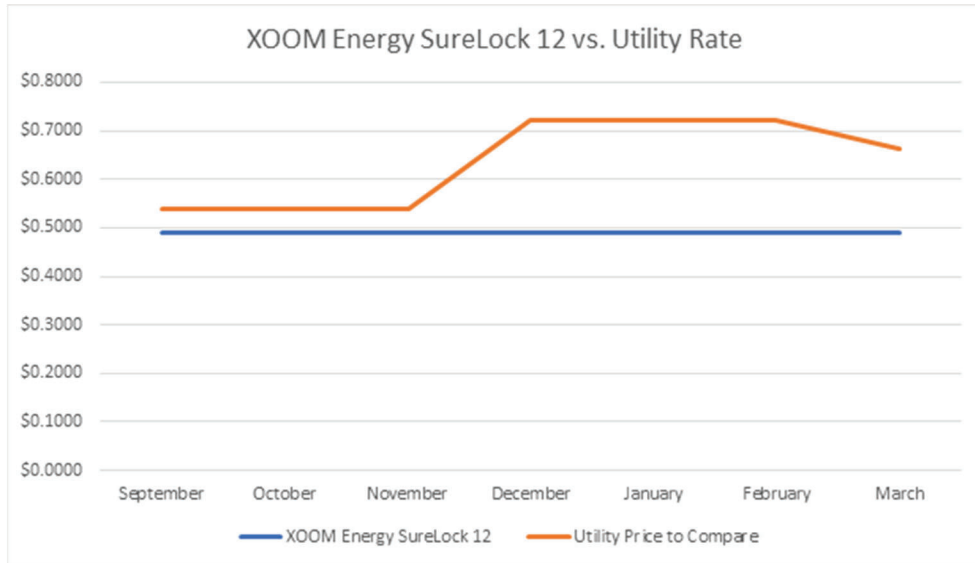
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<sup>10</sup> XOOM made an identical offer to business customers.

<sup>11</sup> See Figures TK-1 and TK-2.

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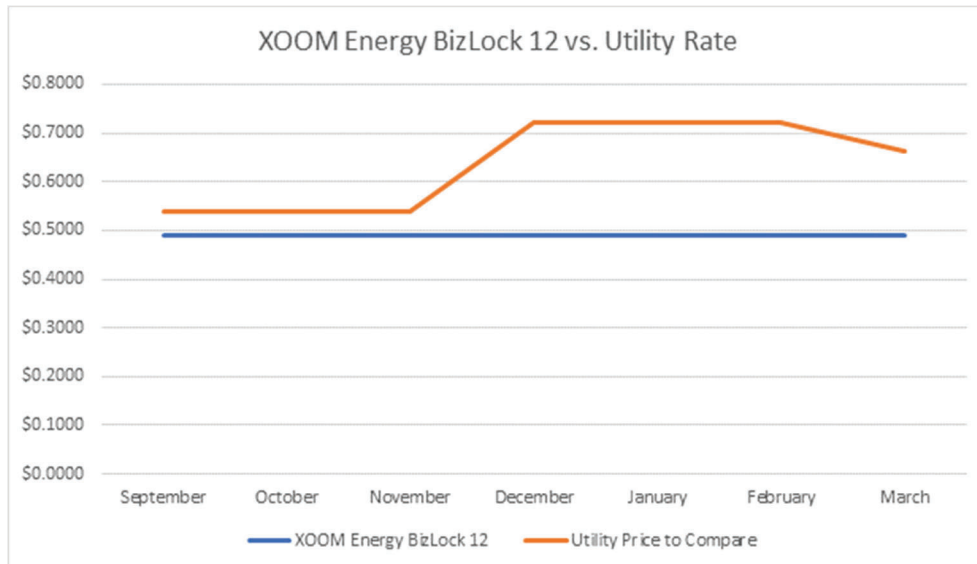
**Figure TK-1 – XOOM Residential Rate vs. Columbia’s Rate**



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**Figure TK-2 – XOOM Small Business Rate vs. Columbia’s Rate**



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That is because the quarterly price of utility supply service was 10%, then 48%, and then

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35% percent *above* the fixed rate that XOOM agreed to charge such a customer for the

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three-month periods beginning September, December, and March, respectively.<sup>12</sup> What the

<sup>12</sup> See Figure TK-3.

1 utility will charge for the final three-month period of the competitive supplier’s 12-month  
 2 fixed contract period is not yet known. However, if one takes the usage of a typical  
 3 residential customer, that plan would have saved him or her \$134.83 through May. For the  
 4 typical small business customer, the savings would be \$363.36.<sup>13</sup>

5 **Figure TK-3 – Savings Table**

	Sep '21	Oct '21	Nov '21	Dec '21	Jan '22	Feb '22	Mar '22	Apr '22	May '22	Totals
Avg Resi Customer Usage (MCF)	1.55339615	3.98612961	8.92473405	13.4145014	15.6962738	13.0419151	9.61519453	4.77588883	2.27183003	73.2798634
CKY Commodity Charges	\$ 8.39	\$ 21.53	\$ 48.21	\$ 96.97	\$ 113.47	\$ 94.28	\$ 63.65	\$ 31.62	\$ 15.04	\$ 493.16
XOOM SureLock 12 Charges	\$ 7.60	\$ 19.49	\$ 43.64	\$ 65.60	\$ 76.75	\$ 63.77	\$ 47.02	\$ 23.35	\$ 11.11	\$ 358.33
XOOM Customers Savings	\$ 0.79	\$ 2.04	\$ 4.57	\$ 31.37	\$ 36.72	\$ 30.51	\$ 16.63	\$ 8.27	\$ 3.93	\$ 134.83
	Sep '21	Oct '21	Nov '21	Dec '21	Jan '22	Feb '22	Mar '22	Apr '22	May '22	Totals
Avg Commercial Customer Usage (MCF)	8.1291805	11.7655236	20.2795379	29.6186539	42.6159319	34.8813033	28.7936391	14.4990948	10.0336845	200.61655
CKY Commodity Charges	\$ 43.91	\$ 63.56	\$ 109.55	\$ 214.11	\$ 308.07	\$ 252.16	\$ 190.61	\$ 95.98	\$ 66.42	\$ 1,344.37
XOOM BizLock 12 Charges	\$ 39.75	\$ 57.53	\$ 99.17	\$ 144.84	\$ 208.39	\$ 170.57	\$ 140.80	\$ 70.90	\$ 49.06	\$ 981.01
XOOM Customers Savings	\$ 4.16	\$ 6.03	\$ 10.38	\$ 69.27	\$ 99.68	\$ 81.59	\$ 49.81	\$ 25.08	\$ 17.36	\$ 363.36

6  
 7 So, the “insurance” policy was a financial winner this past winter, mainly due to  
 8 the sudden rise in natural gas prices resulting from unfortunate inflationary and geo-  
 9 political events. Of course, insurance will not always, or even most of the time, appear to  
 10 save customers money. The point of insurance is to avoid the risk of particularly bad  
 11 outcomes, and that risk protection comes with a price.

12 **Q. ARE THERE OTHER EXAMPLES WHERE SUCH AN “INSURANCE” POLICY**  
 13 **MIGHT HAVE COME IN HANDY?**

14 **A.** Indeed, there are. An extraordinary February 2021 winter storm caused gas supply in  
 15 Oklahoma and Texas to freeze up, gas demand to soar, and drove gas spot prices higher  
 16 than ever recorded. Approximately 15 states from Colorado to Minnesota to Texas were  
 17 affected by significantly higher-than-normal natural gas prices.<sup>14</sup> The economic damage

<sup>13</sup> See Figure TK-3.

<sup>14</sup> A full description of the costs incurred per average residential customer, for which regulated utilities and others have sought recovery arising from the February 2021 severe winter storm, is included in a report NRG

1 from these gas prices, which numerous utilities and other retailers were exposed to, is  
2 profound and, for some customers, long-lasting. To provide just one example, Oklahoma  
3 Natural Gas Company, part of ONE Gas, spent \$1.37 billion in “extreme purchase costs”  
4 and other charges for natural gas over a period of only a few days.<sup>15</sup> As a regulated utility,  
5 it sought and has obtained regulatory approval for the recovery of these costs.<sup>16</sup> Consumers  
6 will repay those costs over time. A residential customer that uses over 50 dekatherms per  
7 month is forecast to pay a fixed monthly fee of \$7.27 per month *for the next thirty (30)*  
8 *years*.<sup>17</sup> In other words, a residential customer will have paid \$2,617 for a single week’s  
9 worth of natural gas service.

10 It did not have to be this way. Customers could have and should have had  
11 opportunities to shop in a competitive market—to lock in a truly fixed rate with a supplier,  
12 a rate which was not subject to the kind of reconciliation to extreme, actual costs. If  
13 customers had bought “insurance” for such an event, clearly it would have had to “pay”  
14 only once to make it worthwhile for many, many years.

15 **Q. ARE ALL CUSTOMERS WHO TAKE SERVICE FROM XOOM PROTECTED**  
16 **FROM SUCH PRICE SPIKES?**

17 A. Yes, even customers who take so-called “variable”-priced service are protected from  
18 sudden, intra-month price spikes like the industry saw during the February 2021 winter

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commissioned. See Guy Sharfman & Jeffrey Merola, “Beyond Texas: Evaluating Customer Exposure to Energy Price Spikes: A Case Study of Winter Storm Uri, February 2021” (Oct. 2021) attached as Exhibit TK-3.

<sup>15</sup> *Application of Oklahoma Natural Gas Company, a Division of ONE Gas, Inc., for a Financing Order Approving Securitization of Costs Arising from the February 2021 Winter Weather Event Pursuant to the ‘February 2021 Regulated Utility Consumer Protection Act’* (“ONG Application for Financing Order”), Order No. 723033 (Jan. 25, 2022), p. 3. Cause No. PUD 202100079, Oklahoma Corporation Commission.

<sup>16</sup> *Id.*

<sup>17</sup> See Cause No. PUD 202100079, *Application of Oklahoma Natural Gas Company, a Division of One Gas, Inc., for a Financing Order Approving Securitization of Costs Arising From the February 2021 Winter Weather Event Pursuant to the “February 2021 Regulated Utility Consumer Protection Act”*, Corrected Exhibit CMS-3 Recovery Periods and Customer Rates (Nov. 2, 2021) attached as Exhibit TK-4.

1 storm. That is because these prices are not actually variable within a given month, and  
2 unlike utility rates they are not subject to after-the-fact reconciliations or surcharges.  
3 XOOM sets its prices for the next month before the last week of a given month's billing  
4 cycle. The customer can call XOOM or check the company's website to learn their next  
5 month price on the 1<sup>st</sup> or 2<sup>nd</sup> of the month. If a sudden price spike occurs and XOOM is  
6 exposed to higher than usual costs to supply such a customer, that customer is nevertheless  
7 protected. However, if natural gas prices rise from month to month, then customers on  
8 month-to-month contracts likely would see price effects. There are various reasons why a  
9 customer may take service on a month-to-month basis. One such reason is customers may  
10 view a long-term contract not as a protection, but a burden, even while they desire to take  
11 supply from a competitive provider for any number of other reasons.<sup>18</sup>

12 However, I do believe it is in the public interest for policymakers to raise the  
13 visibility of shopping generally and for longer-termed insurance products in particular,  
14 because it systematically places gas-market risk on the shoulders of businesses and not  
15 ordinary consumers.

16 **Q. DO YOU BELIEVE THAT THE OPPORTUNITY TO SHOP FOR SUCH A**  
17 **PRODUCT IS WELL UNDERSTOOD OR PARTICULARLY VISIBLE TO**  
18 **CONSUMERS IN THE COLUMBIA SERVICE TERRITORY?**

19 A. No.

20 **Q. WHAT ARE YOUR OBSERVATIONS IN TERMS OF THE CHOICE**  
21 **PROGRAM'S VISIBILITY?**

22 A. The Program is minimally promoted by Columbia. According to answers and materials  
23 provided by Columbia in response to Discovery Requests by Staff and XOOM, the only

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<sup>18</sup> For example, XOOM offers loyalty points with a major airline and allows customers to direct a certain percentage of their bill to charitable causes.



1 information provided to new service customers about Choice is a single, bullet-pointed line  
2 of text and a website link on their monthly bill mixed in with other messages from the  
3 utility.<sup>19</sup> Columbia call center agents are not required to provide information about the  
4 Choice Program.<sup>20</sup>

5 When customers call Columbia regarding the Choice Program, Columbia call  
6 center agents essentially refer customers to the company’s website, but provide no further  
7 direction on where to hunt for the Choice landing page.<sup>21</sup> Information regarding the Choice  
8 Program is not easily located on Columbia’s website. There is no direct link to the Choice  
9 Program on the homepage of Columbia’s website. Instead, to access information about the  
10 Choice Program, a customer must navigate to the “bills and payments” header at the top of  
11 the website, select “billing programs” from the drop down options, and then either click  
12 “customer choice” from the options on the right side of the screen or scroll down on the  
13 billing programs page and click “find a supplier.”<sup>22</sup> The average customer could wander  
14 the wilderness of Columbia’s website fruitlessly without stumbling upon the Choice  
15 Program landing page at all.

16 Furthermore, the Choice Program receives one or two sentences on the occasional  
17 in-bill insert and an annual mailing from Columbia that includes information about other  
18 utility programs.<sup>23</sup> It is no wonder program awareness and participation are low.<sup>24</sup>

19 **Q. DO YOU HAVE ANY PROPOSALS TO INCREASE CUSTOMER AWARENESS**

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<sup>19</sup> See Columbia’s Response to XOOM Set 1, Question 9, attached as Exhibit TK-5.

<sup>20</sup> See Columbia’s Response to XOOM Set 2, Question 6, attached as Exhibit TK-6.

<sup>21</sup> See Columbia’s Response to XOOM Set 1, Question 10, Attachment A at p. 3, attached as Exhibit TK-7.

<sup>22</sup> See screengrabs of the Columbia Gas of Kentucky website attached as Exhibit TK-8 (last accessed Mar. 17, 2022).

<sup>23</sup> See Columbia’s Response to Staff Set 1, Question 3 attached Exhibit TK-9. See also Columbia’s Response to Staff Set 2, Question 6, Attachment A at p. 4 attached as Exhibit TK-10.

<sup>24</sup> See Case No. 2021-000386, *In the Matter of Tariff Filing of Columbia Gas of Kentucky, Inc. to Extend its Small Volume Transportation Service*, Columbia Gas of Kentucky, Inc. Tariff Filing, (Oct. 7, 2021) at Attachment A.

1           **OF THE CHOICE PROGRAM?**

2    A.    Yes. Customer education is most effective when customers are actually thinking about or  
3           engaged in their energy service. For the majority of residential customers that occurs when  
4           they contact the local distribution company to establish service for their home, or when  
5           they speak with the utility call center for other matters concerning their service. Customers  
6           will also pay some mind to their service when reviewing their monthly utility bill. To boost  
7           customer awareness for the Choice Program XOOM recommends, at a minimum, the  
8           following:

- 9           •    Columbia call center agents should be scripted to advise customers about the  
10           Choice Program by directing them to the program landing page on Columbia’s  
11           website during every new service connect as well as all inbound customer inquiries  
12           to the call center, with the exception of emergency calls;
- 13          •    Columbia should establish a “trial offer” customer referral program administered  
14           through the Company’s call center, whereby upon consent customers may be  
15           referred to participating gas marketers in random order to receive a three-month  
16           price discounted off of Columbia’s prevailing supply rate. The program would be  
17           modeled after Pennsylvania’s “Standard Offer Referral Program (“SOP”)<sup>25</sup> ;

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<sup>25</sup> Pennsylvania’s Standard Offer Referral Program (SOP) is intended to introduce consumers to shopping with very low risk to the customer. Customers who contact the utility for non-emergency inquiries are told about the program. The utility will refer interested customers to a participating supplier on a random basis. All customers referred to participating suppliers are enrolled by the supplier to whom they are referred following normal enrollment processes. Suppliers who choose to participate agree to fixed term and price that is 7% below the utility default service rate at the time of enrollment. Customers are free to cancel at any time with no penalty. See PA Power Switch, Pennsylvania Public Utility Commission, *Pennsylvania’s Standard Offer Program*, <https://www.papowerswitch.com/about-switching-electricity/standard-offer-program/#> (last visited Mar. 23, 2022) for more information regarding Pennsylvania’s Standard Offer Program.

- 1           • Inclusion of a competitive supplier’s logo on the bills of customers who have  
2           switched to a competitive supplier, to enhance the visibility and recognition that a  
3           customer has indeed made a choice for a third-party provider of gas supply;
- 4           • Increased visibility on the Columbia and PSC websites. This should include a link  
5           to the Choice Program prominently displayed on the navigation bars of the home  
6           pages;
- 7           • The creation of a dynamic shopping website that allows customers to compare and  
8           sort offers by price, term length and value-added feature (examples include the  
9           Public Utility Commission of Ohio’s “Apples To Apples” website and the  
10          Pennsylvania Public Utility Commission’s “PA Gas Switch” website)<sup>26</sup>; and
- 11          • A multi-faceted consumer education campaign, at a minimum timed annually prior  
12          to heating season.

13 **Q.     ARE COLUMBIA CUSTOMER SERVICE REPRESENTATIVES REQUIRED TO**  
14 **OFFER INFORMATION REGARDING THE CHOICE PROGRAM DURING ALL**  
15 **INBOUND CUSTOMER CALLS?**

16 A.     No.<sup>27</sup>

17  
18 **Q.     IF A CUSTOMER IS ENROLLED WITH A SUPPLIER, DOES THAT**  
19 **SUPPLIER’S LOGO APPEAR ON THEIR BILL EACH MONTH?**

20 A.     No.<sup>28</sup>

21 **Q.     WHAT WOULD THE BENEFIT OF A SUPPLIER’S LOGO APPEARING ON THE**  
22 **CUSTOMER’S BILL BE?**

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<sup>26</sup> See Energy Choice Ohio, *Apples to Apples: Natural Gas*, <https://energychoice.ohio.gov/ApplesToApplesCategory.aspx?Category=NaturalGas> (last visited Mar. 23, 2022) and PA Gas Switch, Pennsylvania Public Utility Commission, <https://www.papowerswitch.com/> (last visited Mar. 23, 2022).

<sup>27</sup> See Exhibits TK-6 and TK-7.

<sup>28</sup> See Columbia’s Responses to XOOM Set 1, Question 2, Attachment A at p. 3-4, attached as Exhibit TK-11.

1 A. The supplier’s logo creates greater awareness by the customer of their supplier. Further it  
2 will help draw attention to the Choice commodity charge line item on the bill, with the  
3 effect of encouraging customers to pay greater attention to whom and how much they are  
4 paying for gas supply and making suppliers more accountable for their charges. In other  
5 jurisdictions, customer complaints have sometimes occurred where unauthorized  
6 enrollments occur. It is a prominent red flag for a customer if a new logo appears on the  
7 customer’s bill without his or her having authorized that service, while without this visual  
8 display, a customer may miss the fact that supply has been switched.

9 **Q. ARE THERE ANY CHANGES COLUMBIA GAS CAN IMPLEMENT TO ASSIST**  
10 **CUSTOMERS WHO WANT TO PARTICIPATE IN THE CHOICE PROGRAM?**

11 A. We recommend the following to make it easier for customers to participate in the Choice  
12 program:

- 13 • Day One Switching for new service connects;
- 14 • Seamless moves;
- 15 • Accelerated switching; and
- 16 • Shop with your wallet; eliminate need for utility account numbers to enroll.

17 **Q. PLEASE EXPLAIN WHAT YOU MEAN BY “DAY ONE SWITCHING”?**

18 A. Day One Switching allows customers to select a Choice supplier when they connect for  
19 new service with Columbia. Currently a customer must take supply service from Columbia  
20 for at least one billing cycle before shopping.<sup>29</sup> Thereafter if a customer enrolls with a retail  
21 supplier it may take one to two billing cycles before they go on flow with their new  
22 supplier. Consequently, any benefit to shopping and switching, such as seasonal price

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<sup>29</sup> See Columbia’s Response to XOOM Set 1, Question 5 attached as Exhibit TK-12.

1 savings, is forestalled for almost a calendar quarter from the time a customer moves into  
2 Columbia's service territory.

3 There are two approaches that could be employed to remedy this issue. A customer  
4 may have a gas supplier in mind at the time they contact Columbia to initiate gas delivery  
5 service for their premise. The Columbia call center agent would then enter the customer's  
6 selection in the service request. Alternatively, call center agents may be scripted and trained  
7 to describe the Choice program to the customer and either direct the customer to a website  
8 listing of approved marketers or provide the customer with contact information for  
9 marketers (the current list is nine marketers). The customer can "do their homework" and  
10 make their selection within three calendar days by contacting the supplier of their choice.  
11 The supplier would submit the enrollment to Columbia within 24 hours. Columbia would  
12 date the enrollment to be effective with the service start date.

13 **Q. PLEASE EXPLAIN WHAT YOU MEAN BY "SEAMLESS MOVES".**

14 A. Seamless moves means the customer may take their retail service account with them  
15 without interruption when moving to a new premise within the Columbia territory.  
16 Currently, a customer must re-enroll with their supplier after moving. Unless the customer  
17 enrolls by the 15<sup>th</sup> of a given month, this process can take a billing cycle or longer and  
18 creates a lack of continuity for the customer.<sup>30</sup>

19 **Q. PLEASE EXPLAIN WHAT YOU MEAN BY "ACCELERATED SWITCHING."**

20 A. Accelerated switching ensures that most enrollments will be effective for the month  
21 immediately following the enrollment. Currently, for enrollments to be effective on the  
22 first day of the month, an enrollment must be submitted by the 15<sup>th</sup> day of the previous

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<sup>30</sup> See Columbia's Response to XOOM Set 2, Question 3, attached as Exhibit TK-13.

1 month.<sup>31</sup> We propose the window be extended to the 25<sup>th</sup> day of the previous month. This  
2 will permit more customers to have any benefit to shopping, such as seasonal price savings,  
3 faster.

4 **Q. PLEASE EXPLAIN WHAT YOU MEAN BY “SHOP WITH YOUR WALLET”.**

5 A. To enroll with a gas marketer, a customer must provide their 15-digit Columbia account  
6 number.<sup>32</sup> Most customers don't carry their utility bill with them, nor do they memorize a  
7 lengthy set of characters. Thus, if a customer signs up for service at a retail location, event,  
8 or some location away from home they won't be able to complete their order. I propose  
9 instead of requiring customers to provide their utility account number that customers be  
10 permitted to provide at the point of sale some other unique identifier that they readily know  
11 and which is in their Columbia account record. The gas marketer would submit the  
12 identifier in the enrollment transaction for Columbia to map to the customer account in the  
13 company's database. This approach may have the added benefit of reducing reliance on  
14 door to door and telephone marketing, which are utilized because the customer more  
15 readily has access to their utility account number while at home.

16 **Q. DO YOU HAVE ANY CONSUMER PROTECTION PROPOSALS?**

17 A. Yes. I have several that relate either to ensuring that customers have an opportunity to  
18 renew their contract on a fixed term, to discipline conduct when suppliers market their  
19 products, and to ensure that products offered to consumers do not expose them to undue  
20 market risk. I recommend:

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<sup>31</sup> See Columbia's Response to XOOM Set 1, Question 7, attached as Exhibit TK-14.

<sup>32</sup> See Columbia's Response to XOOM Set 1, Question 8, attached as Exhibit TK-15.

- 1 • A requirement that competitive retailers who serve customers on month-to-month  
2 contracts give written notice to a customer if the commodity price is rising more than 30%  
3 from one month to the next<sup>33</sup>;
- 4 • A requirement that competitive retailers that serve customers on a fixed-term product that  
5 automatically renews to month to month or for a fixed term of longer than one month  
6 provide at least one written notice to their customers no less than 60 days before a  
7 contract’s expiration that it is due to expire, including information about how to seek  
8 renewal of the contract for another term at a fixed rate;
- 9 • A requirement for a \$250,000 security bond for gas marketers planning to use door to door  
10 or outbound telemarketing sales channels;
- 11 • A prohibition on retail products for residential and small business customers that directly  
12 pass through the daily spot price for natural gas<sup>34</sup>;

13 **Q. HOW CAN THE CHOICE PROGRAM SUPPORT KENTUCKY PUBLIC POLICY**  
14 **GOALS?**

15 A. One benefit of retail competition is product differentiation. While gas commodity supply  
16 may seem interchangeable but for the price, term, and risk exposure, all of which I have  
17 discussed extensively above, there are additional differentiating factors in a healthy

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<sup>33</sup> As an example, in 2016 the Maryland Public Service Commission adopted a new regulation providing that, “If a contract with a fixed rate for three or more billing cycles changes to a variable month-to-month price and a change in the contract rate will be equal to or exceed 30 percent of the supplier’s current supply rate, the supplier shall provide written notice of the new rate to the customer at least 12 days prior to the close of the customer’s billing period.” See COMAR 20.53.08.13 C. The Delaware Public Service Commission adopted an identical rule. See 26 Del. Admin. Code 3001-8.2.6.

<sup>34</sup> See CBS News, *Griddy Energy settles with Texas, releasing customers from \$9,000 power bills during freeze*, Aug. 31, 2021, <https://www.cbsnews.com/news/griddy-energy-charged-9000-power-bills-settles-with-texas/> (last visited Mar. 23, 2022) (Griddy Energy sold power to customers at wholesale prices, plus a monthly fee. When rates skyrocketed during the February 2021 extreme weather event when wholesale prices were raised to \$9,000 per megawatt hour, some customers had thousands of dollars in bills. Currently no such retail products that directly pass through the daily spot price for natural gas are offered in the market, nor should they be allowed).

1 competitive retail environment as well. These can include value-added services, like  
2 XOOM’s charitable contributions programs, and also environmentally preferred services.

3 The Choice Program can help achieve the carbon reduction goals being developed  
4 by the Kentucky Climate Action Plan Council<sup>35</sup>. I propose that to maintain eligibility to  
5 participate in the Choice Program, gas retailers must offer at least one “green gas” offer.  
6 Green gas offers may include, but not be limited to, products that retire carbon offsets  
7 equivalent to a customer’s gas usage, or that include producer-certified gas (“PCG”)  
8 certificated by a credit-based system, the marketplace for which may become more liquid  
9 with the pending proposal by Tennessee Gas Pipeline Company (“TGPC”) to FERC to  
10 allow voluntary PCG pooling on its system.<sup>36</sup>

11 **Q. IN VIEW OF ITS STATUS AS A “PILOT,” HOW WOULD YOU LIKE TO SEE**  
12 **THE CHOICE PROGRAM EXTENDED?**

13 A. XOOM would like to see the Choice Program be made permanent, with the adoption of the  
14 modifications described above to ensure its greater visibility and success. It is difficult for  
15 XOOM to justify significant investments in the Kentucky market when the program is in  
16 constant limbo, especially when customer choice is limited to a single utility service  
17 territory. Unfortunately, the program’s transitory nature likely contributes to outcomes that  
18 are negative for consumers. These include a lack of investments by retailers themselves to  
19 make the Choice Program and shopping opportunities more visible, as well as a  
20 competition between retailers that is seemingly less liquid than it ought to be.<sup>37</sup> Certain

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<sup>35</sup> See Kentucky Climate Action Plan Council, *Final Report of the Kentucky Climate Action Plan Council Submitted to the Secretary of the Kentucky Energy and Environmental Cabinet*, November 2011, [https://uccrnna.org/wp-content/uploads/2017/06/Kentucky\\_2011\\_Climate-Action-Plan-Council-Final-Report.pdf](https://uccrnna.org/wp-content/uploads/2017/06/Kentucky_2011_Climate-Action-Plan-Council-Final-Report.pdf).

<sup>36</sup> NRG, through its affiliate Direct Energy, has supported the TGPC filing with modifications the pipeline made subsequent to its initial filing. See: Tennessee Gas Pipeline Company, L.L.C. *PCG Pooling Service Option Filing*. FERC Docket No. RP22-417.

<sup>37</sup> I note that several certified suppliers are indicated as having “currently no offers” on the Kentucky PSC’s website devoted to the Choice Program.



1 value-added product offerings, such as certain environmentally preferred products, do  
2 require fixed-cost investments to be made—which a company simply will not do if it is  
3 subject to a highly transitory regulatory scheme. As a publicly traded company, XOOM’s  
4 parent NRG must allocate its resources across dozens of service territories in North  
5 America. It generally has not done so in jurisdictions like Kentucky where only transitory  
6 opportunities exist.<sup>38</sup>

7 **Q. DO YOU HAVE ANY OTHER COMMENTS REGARDING RETAIL NATURAL**  
8 **GAS CHOICE IN KENTUCKY?**

9 A. It is difficult to maximize consumer awareness and achieve the level of scale that  
10 encourages private investment, spurs product innovation, and creates jobs in a  
11 commonwealth that has only a single local distribution company open to customer choice.  
12 There are approximately 864,000 residential, commercial, and industrial natural gas  
13 customers in Kentucky.<sup>39</sup> Yet only about 140,000 natural gas customers are eligible to take  
14 service from a supplier of their choice.<sup>40</sup> That’s just 16 percent of all natural gas customers  
15 in Kentucky. I suggest the Commission open a multi-utility docket (or whatever is legally  
16 appropriate) to consider the adoption of parallel programs in other service territories  
17 consistent with the PSC’s eventual program design and findings in this matter.

18 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.**

19 A. As explained above, I recommend that:

- 20 • Proposals are implemented to increase customer awareness of the Choice

21 Program including:

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<sup>38</sup> As noted, only XOOM of NRG’s major brands participates in the market and has a limited number of customers.

<sup>39</sup> See American Gas Association, *Natural Gas State Profiles, Kentucky*, <https://www.aga.org/policy/state/natural-gas-state-profiles/KY>, (last visited Mar. 23, 2022).

<sup>40</sup> See Columbia’s Response to XOOM Set 1, Question 4, Attachment A, attached as Exhibit TK-16.

- 1                   ○ Requiring Columbia call center agents to be scripted to advise
- 2                   customers about the Choice Program;
- 3                   ○ Establishing a “trial offer” introductory program whereby interested
- 4                   customers may be referred to participating gas marketers for a
- 5                   discounted three month price;
- 6                   ○ Inclusion of a competitive supplier’s logo on the bills of customers who
- 7                   have switched to a competitive supplier;
- 8                   ○ Increasing visibility of the Choice Program on the Columbia and
- 9                   Commission website;
- 10                  ○ Creating a dynamic shopping website that allows customers to compare
- 11                  and sort offers by a variety of features;
- 12                  ○ Implementation of a multi-faceted consumer education campaign
- 13                  • The Commission require Columbia to implement day one switching, seamless
- 14                  moves, accelerated switching, and shop with your wallet to make it easier for
- 15                  customers to participate in the Choice Program;
- 16                  • Additional consumer protection proposals are implemented, such as:
- 17                   ○ Requiring suppliers who serve customers on month-to-month contracts
- 18                   to give written notice to customers if prices are increasing more than
- 19                   30% from one month to the next;
- 20                   ○ Requiring suppliers with customers on fixed term contracts that
- 21                   automatically renew to month to month or for a fixed term of longer
- 22                   than one month to provide at least one notice to customers no less than
- 23                   60 days before the contract is set to expire;

- 1                   ○ Requiring a \$250,000 security bond for suppliers planning to use door
- 2                   to door or outbound telemarketing sales channels;
- 3                   ○ Prohibiting retail products that directly pass through the daily spot price
- 4                   for natural gas
- 5                   • The Commission make the Choice Program permanent to allow customers to
- 6                   continue to buy the kind of “insurance” product that XOOM and other retailers
- 7                   offer; and
- 8                   • The Commission open a multi-utility docket to consider the adoption of parallel
- 9                   programs in other service territories.

10 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

11 **A. Yes.**

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF THE COMMONWEALTH OF KENTUCKY**

IN THE MATTER OF

ELECTRONIC TARIFF FILING OF  
COLUMBIA GAS OF KENTUCKY, INC.  
TO EXTEND ITS SMALL VOLUME GAS  
TRANSPORTATION SERVICE

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\_\_\_\_\_  
CASE NO. 2021-00386  
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**VERIFICATION OF TRAVIS KAVULLA**


STATE OF MARYLAND

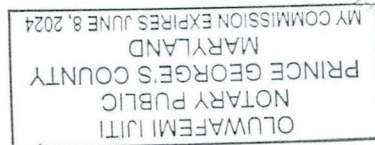
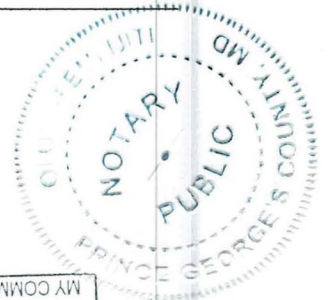
COUNTY OF PRINCE GEORGE'S

Travis Kavulla, Vice President, Regulatory Affairs for NRG Energy, Inc. being duly sworn, states that he has supervised the preparation of his Direct Testimony in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information, and belief, formed after reasonable inquiry.

  
\_\_\_\_\_  
Travis Kavulla

The foregoing Verification was signed, acknowledged, and sworn before me this 25<sup>th</sup> day of March, 2022 by Travis Kavulla

  
\_\_\_\_\_  
Notary Public



**TRAVIS KAVULLA***travis.kavulla@nrg.com***VICE PRESIDENT, REGULATORY AFFAIRS***NRG Energy, Inc.*

Leader of the department responsible for the company's engagement with state and federal regulatory agencies, working to develop policy and ensure compliance with applicable laws and regulations.

**SEPT. 2019 – PRESENT***Washington, D.C.***DIRECTOR, ENERGY & ENVIRONMENTAL POLICY***R Street Institute*

Led the energy program of a 501(c)(3) "think tank" dedicated to promoting free markets and effective government. Focused principally on the power sector, R Street's energy program supported three overarching policy goals: exposing power plants to competition, providing consumers a choice in energy provider, and efficiently networking markets together to ensure the robustness of competition. R Street led opposition to state and federal subsidies to specific generators or types of generation, and has promoted a transparent price on carbon emissions as a vehicle for environmental regulation. R Street also has promoted reforms that make it easier to construct energy infrastructure and license new technologies.

**JAN. 2019 – Sept. 2019***Washington, DC*

In furtherance of its policy goals, R Street publishes white papers and op-eds, files regulatory comments, and provides legislative testimony.

**GOVERNING BODY MEMBER***Western Energy Imbalance Market (EIM)*

One of five independent board members of the Western Interconnection's first regional, real-time electricity market, which is operated by CAISO. Nominated by market participants in 2018 and elected by the other governing body members to a term of three years. Left upon joining NRG. The governing body actively engaged with market participants and works to build upon the economic efficiency of the market. In 2018-19, significant reforms to EIM included revisions to local market power mitigation (increasing the default energy bid for hydroelectric resources) and a revision to how greenhouse gas emissions are accounted for in the marketplace. Market-design discussions for a day-ahead market also commenced, including considerations of energy price formation, transmission costs, and governance.

**JULY 2018 – AUG. 2019***Folsom, CA***CHAIRMAN, NORTH AMERICAN NUMBERING COUNCIL**

Appointed by FCC Chairman Ajit Pai to lead the stakeholder council responsible for providing the FCC comprehensive recommendations on several emerging topics associated with next-generation communications technologies. Topics on which the council engaged included measures to combat robo-calling through the creation of a call authentication trust anchor that certifies legitimate telephone calls, the creation of a nationwide number portability framework that allows 10-digit numbers to be ported freely throughout the United States and across different types of devices, and the modernization of toll-free number distribution through the establishment of an auction mechanism. While appointed as a utility commissioner, continued to serve in this role until Fall 2019 at the request of Chairman Pai. Online at <http://nanc-chair.org>

**Nov. 2017 – Sept. 2019****COMMISSIONER, CHAIRMAN (2011-13) & VICE-CHAIRMAN (2015-19)***Montana Public Service Commission*

One of five commissioners of the State of Montana's utility commission, serving in leadership roles at the state, regional, and national level at various times. Responsible for regulating energy and water monopolies, as well as certain telecommunications companies and motor carriers in the

**JAN. 2011 – JAN. 2019***Helena, MT*

State of Montana. Nominated in contested Republican primary and elected to office in 2010, and re-elected without opposition in 2014 to a term expiring in 2018. Made decisions on hundreds of matters, with a focus on rate reviews of monopoly utilities, and the reform of ratemaking, interconnection, and reporting requirements for firms in markets transitioning to competition.

Testified before U.S. Congressional committees and in administrative proceedings and technical conferences of the Federal Energy Regulatory Commission (FERC) and the Environmental Protection Agency (EPA). Frequent speaker to organizations and conferences in the field of energy and telecommunications. Named by S&P Global Market Intelligence on its list of “The 10 most influential people in energy in 2016.” Advised on the intersection of technological development and regulation as a member of the advisory council of the Electric Power Research Institute. Active participant in the Harvard Electricity Policy Group.

Other professional involvement includes leadership related to national and regional energy and telecommunications policy (detailed below).

*AFFILIATED ROLES TO SERVICE ON THE MONTANA PUBLIC SERVICE COMMISSION*

**PRESIDENT, NAT’L ASSN. OF REGULATORY UTILITY COMMISSIONERS**    **NOV. 2015 – NOV. 2016**  
**MEMBER, EXECUTIVE COMMITTEE, NARUC**    **NOV. 2014 – NOV. 2018**

As NARUC President, supervised a newly hired executive director and established strategic direction of the organization, with 40 staff devoted to improving the practice of utility regulation. Afterwards, continued to serve as a board director and a member of NARUC’s Executive Committee.

Focus as President at NARUC included several major initiatives involving energy and telecommunications, including:

- Engagement with FERC and others on the design and regulation of the wholesale electricity markets, including the interaction between Regional Transmission Organizations (RTOs) and states, and on the reform of Public Utility Regulatory Policies Act of 1978 (PURPA).
- Improved training for new utility commissioners, focused on basic issues of ratemaking.
- Supervised the advocacy before the FCC and federal courts on issues including the Universal Service Fund/Connect America Fund, municipal broadband pre-emption, inmate calling, and net neutrality.
- Writing and publication of a “Compensation and Pricing Manual for Distributed Energy Resources,” such as a roof-top photovoltaic solar, in order to address controversies about cost-shifts in current net-metering policy.
- Analysis and critical response to the EPA’s Clean Power Plan.

On operations, approved plans and supported new NARUC executive director to tighten criteria for staff performance review and eliminate excessive fringe benefits and pay raises. Led a retreat of executive committee to ensure that NARUC’s international program and a NARUC-affiliated organization had wind-down or contingency plans in the eventuality that program revenue became unavailable. Online at <http://www.naruc.org>

**CO-CHAIR, NORTHERN TIER TRANSMISSION GROUP** **JAN. 2013 – JULY 2018**

Co-chair of the Steering Committee of NTTG, which undertakes regional transmission planning for a collection of utilities including PacifiCorp, Portland General Electric, Idaho Power, NorthWestern Energy, the Utah Associated Municipal Power Systems, and Deseret Generation & Transmission Cooperative. NTTG's Steering Committee approves regional transmission plans, provides policy guidance, and directs FERC filings on behalf of the group.

The Steering Committee's work in the past several years has included debating and approving the region's filings in response to FERC's Order 1000, requiring interstate transmission planning processes, as well as revisiting and improving the group's use of production cost modeling for the purposes of estimate the economic benefits of transmission expansion. Online at <http://www.nttg.biz>

**CHAIRMAN, CMTE. ON REGIONAL ELECTRIC POWER COOPERATION** **OCT. 2016 – OCT. 2018**

Co-chair, along with John Chatburn of the Idaho Governor's Energy Office, of CREPC, which twice per year brings together governor's offices, utility commissioners, and consumer advocates in order to improve relationships between states, utilities, and other stakeholders in the western United States and Canada.

**MEMBER, EIM TRANSITIONAL COMMITTEE** **APR. 2015 – JULY 2016****CHAIRMAN, PUC ENERGY IMBALANCE MARKET WORKING GROUP** **JAN. 2012 – JULY 2015**

Headed a successful effort by state regulators to evaluate the costs and benefits of forming a real-time energy market across the dozens of balancing authorities in the Western United States. The Public Utility Commissioners Energy Imbalance Market (PUC EIM) Working Group included a member from each of the Western Interconnection's utility commissions, and was a project of CREPC. Also served on the California Independent System Operator (CAISO) EIM Transitional Committee, which designed a regional governance model to oversee the largest real-time energy market in the Western United States.

**DIRECTOR, WESTERN ELECTRICITY COORDINATING COUNCIL (WECC)** **FEB. 2013 – FEB. 2014****MEMBER, MEMBER ADVISORY COMMITTEE** **JAN. 2014 – NOV. 2015**

Appointed to the WECC Board of Directors at a time when WECC, the regional reliability regulator for the Western Interconnection under the North American Electric Reliability Corp. (NERC), was undergoing a governance overhaul, bifurcating its reliability coordinator function from its standards, compliance auditing, and transmission planning functions. Acted as a strong advocate for bifurcation and the installation of an independent board of directors.

Served on the seven-member selection committee for WECC's CEO. Elected by WECC Members to the Nominating Committee, responsible for selecting independent board directors. Online at <http://www.wecc.biz/>



*EARLIER WORK EXPERIENCE***FREELANCE JOURNALIST****JULY 2008 – DECEMBER 2010**

Contributed full-length pieces and reporting to a variety of sources, including *National Review*, the *Wall Street Journal*, the *Dallas Morning News*, Fox News, the *Times* of London, *Standpoint* magazine (UK), *The New Atlantis*, *Catholic World Report*, *The Claremont Review of Books* and other outlets. Based in England and Kenya in 2008 and 2009 and traveled widely in Africa, Europe, and South Asia. Special projects editor for National Review Online, supervising five journalists.

**ASSOCIATE EDITOR****JAN. 2007 – OCT. 2007***National Review* and *National Review Online**New York, NY*

Member of the editorial staff of biweekly magazine of politics and culture, leaving to become a Gates Scholar at Cambridge. Continues to contribute periodically.

**EDUCATION**

M.PHIL., HISTORY

FALL 2007 – SUMMER 2008

*University of Cambridge**Cambridge, England*

Gates Scholar, competitively awarded through the Gates Trust at Cambridge, funded by the Bill & Melinda Gates Foundation. Considerable field research conducted in pursuit of thesis, a critical history of government-led economic planning and the beginnings of development aid in the British colonial world of the 1950s.

B.A., HISTORY

SEPT. 2002 – JAN. 2007

*Harvard University**Cambridge, Mass.*

History, graduated *cum laude*. Columnist for campus daily, *The Crimson*, and editor of *The Salient*.

**PROFESSIONAL AFFILIATIONS & HONORS**

Chairman, North American Numbering Council, Nov. 2017 – Sept. 2019

President & Director, National Association of Regulatory Utility Commissioners; President (Nov. 2015 – Nov. 2016); Director (Jan. 2011 – Jan. 2019).

Co-Chairman, Northern Tier Transmission Group Steering Committee; Jan. 2013 – July 2018.

Member, Advisory Council, Electric Power Research Institute; Nov. 2014 – Aug. 2018.

Member, Federal Communications Commission's Federal-State Joint Board on Jurisdictional Separations; Dec. 2013 – Jan. 2019.



Chairman, Public Utility Commissioners Energy Imbalance Market Group, Dec. 2011 – 2015 (Chairman as of Dec. 2012).

Director, Board of Directors, Western Electricity Coordinating Council; Feb. 2013 – Feb. 2014

Director & Treasurer, Board of Directors, National Regulatory Research Institute; May 2012 – Nov. 2014.

Member, Advisory Council for Center for Public Utilities, New Mexico State University, Nov. 2011 – Jan. 2019.

Journalism Fellow; Phillips Foundation; July 2008 – July 2009 (currently known as the Robert Novak Fellow).

Gates Cambridge Scholar; Gates Trust, Bill & Melinda Gates Foundation, Cambridge, England.; 2007-08.

KY PSC Case No. 2021-00386  
Response to Xoom's Data Request Set One No. 3  
Respondent: Judy Cooper

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO XOOM'S FIRST REQUEST FOR INFORMATION  
DATED FEBRUARY 4, 2022**

3. How many natural gas Choice Program suppliers are licensed within Columbia's service territory?

**Response:**

There are currently nine approved suppliers.



## *Beyond Texas*

*Evaluating Customer Exposure to Energy Price Spikes:  
A Case Study of Winter Storm Uri, February 2021*

*Guy Sharfman & Jeffrey Merola*

**October 2021**

**This paper is prepared by:**

Guy Sharfman

Jefferey Merola

With assistance from Intelometry, Inc. staff and Dr. David C. Boyd of AESL Consulting. The authors appreciate the contributions and insights of Travis Kavulla, Sam Gafford and Laura Avant of NRG.

This whitepaper is funded by NRG Energy, Inc.



## About this Paper

In February 2021, a large portion of the United States was impacted by Winter Storm Uri which brought snow, ice, and punishing cold to the center of the country, triggering electricity and natural gas price spikes across a number of states. The public narrative after Winter Storm Uri has generally been “customers receive exorbitant bills due to unscrupulous retail energy companies charging excessive prices”. The implication being that residential consumers directly bore the costs associated with the high energy prices because of retail competition and that this would never happen under a regulated monopoly construct. However, looking a level deeper demonstrates that very few residential customers served by competitive suppliers experienced increased energy bills due to the storm, and that, in the vast majority of cases, competitive suppliers, and not their customers, absorbed the prices thereby losing hundreds of millions of dollars. On the other hand, customers being served under a regulated utility construct are not protected from the storm’s financial impacts and will in fact, be paying the costs associated with the storm for many years to come.

## About the Authors

Guy Sharfman is Vice President of Market Analytics and co-founder of Intelometry. Guy has over twenty years of operational and consulting experience in the energy industry and is a recognized industry expert in the retail and wholesale electricity arenas. Mr. Sharfman has held key leadership roles in risk management, structuring and pricing, hedging and position management, and wholesale and retail market development and expansion. Mr. Sharfman has testified before numerous state utility commissions as well as the Massachusetts legislature.

Jeff Merola is Executive Vice President and co-founder of Intelometry, Inc., a company that is enabling the energy transition by providing best in class applications, market data and consulting expertise. Through Jeff’s vision, Intelometry has created the industry’s only application suite that supports commodity sales, demand response, and renewables offerings throughout the entire business process. Jeff is currently spearheading Intelometry’s investment in leading edge approaches to renewables marketing.

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## I. Executive Summary

In February 2021, a large portion of the United States was impacted by Winter Storm Uri<sup>1</sup> which brought snow, ice, and punishing cold to the center of the country, including states that rarely see such extremes. As natural gas infrastructure froze, the storm resulted in acute fuel price spikes for regulated monopoly natural gas and electric utilities as well as competitive retail energy suppliers. Natural gas expenditures ran tens of billions of dollars above usual—for not even a week’s supply of the commodity. Few companies of any kind were fully hedged against this event. Numerous energy companies in at least 15 states sustained massive financial losses as a result.

During the storm, the price of natural gas increased to as much as 628 times normal in the worst-affected trading hub in Oklahoma.<sup>2</sup> This drove a surge in wholesale electricity prices as well, since the sector increasingly depends on natural gas to generate electricity. Unlike the natural gas market, prices in wholesale electricity markets are capped by regulation. In the Electric Reliability Council of Texas (ERCOT) market, prices remained at the \$9,000 per megawatt-hour (“MWh”) price cap for days, about 415 times normal pricing levels.<sup>3</sup> To put that in perspective, if these prices were passed on directly to a residential customer for a single day their February commodity bill for gas would increase from \$3.80 per day to \$2,386.40 per day<sup>4</sup> and their commodity bill for power would increase from \$0.74 per day to \$308.44 per day.<sup>5</sup>

During and after the Winter Storm, news coverage of ratepayer impacts tended to focus on Texas for two reasons. First, the state’s electrically isolated ERCOT market was the epicenter of power outages. Second, a small segment of residential customers in Texas had signed up for rate plans that linked their bills directly to the surging wholesale market. The fact that less than 1% of ERCOT residential customers comprised this segment did not deter the headlines. In truth, however, most Texas residential customers were served through competitive fixed-rate contracts that automatically “insured” them against Uri price spikes. As a result, the brunt of surging prices caused by Uri was borne not by customers but by the retail suppliers that served these customers or their wholesale suppliers. Shareholders ultimately bore that risk, and many suffered huge losses. In addition, competition among retail suppliers has, thus far, prevented retailers from increasing prices for the purpose of recouping past losses.

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<sup>1</sup> There were two winter storms that hit back-to-back, the first became known as Winter Storm Uri from Feb 13-17 and the second from Feb 15-20 became known as Winter Storm Viola. For convenience and to stay consistent with common public references, we refer to the whole event as Winter Storm Uri.

<sup>2</sup> Daily gas prices for OneOK rose to \$1,193/MMBtu compared to an average of \$1.85/MMBtu for the previous three Februaries.

<sup>3</sup> This multiple is derived by dividing the ERCOT cap price of \$9 per kWh during Winter Storm Uri by the average of ERCOT LMP at the Houston Zone for the three past February periods prior to 2021.

<sup>4</sup> Assumes residential customer uses 2 Mcf per day with an EIA conversion factor to MMBtu of 1.037. [https://www.eia.gov/tools/faqs/faq.php?id=45&t=8#:~:text=One%20thousand%20cubic%20feet%20\(Mcf,1.037%20MMBtu%2C%20or%2010.37%20therms](https://www.eia.gov/tools/faqs/faq.php?id=45&t=8#:~:text=One%20thousand%20cubic%20feet%20(Mcf,1.037%20MMBtu%2C%20or%2010.37%20therms).

<sup>5</sup> Assumes residential customer uses 959 kWh per month.

In contrast, customers in nearly every other affected state will eventually pay all or nearly all costs associated with the storm. That is because these customers are part of a captive base of consumers fixed to a particular monopoly utility's service territory. As this report explores, the recovery of fuel price spikes from these customers largely has been treated as a given. Unlike the competitive retail market, where fixed-rate contracts prevent the subsequent collection of unexpected losses, utilities have applied for and are expected to receive cost recovery for all their losses (sometimes even including a profit margin). The consequence is that, with few or no exceptions, utility-monopolies will experience essentially no financial consequence due to the winter storm's fuel price shocks.

*Table 1: Total Winter Storm Uri Cost Recovery Requested by Utility-Monopolies by State*

State	Number of Utilities Seeking Cost Recovery	Total Known Cost Recovery Requested * (in \$ millions)	Cost Recovery Source	Estimated Cost Recovery per Residential Customer - Power * (in \$)	Estimated Cost Recovery per Residential Customer - Gas * (in \$)
Arkansas	10	\$374	Utility Ratepayers	\$106	No figures to Report
Colorado	6	\$788	Utility Ratepayers	\$76	\$355
Iowa	1	\$1	Utility Ratepayers	No figures to Report	\$161
Illinois	3	Figures Unavailable	Utility Ratepayers	No figures to Report	Figures Unavailable
Kansas	11	\$1,012	Utility Ratepayers	\$130	\$584
Louisiana	2	\$205	Utility Ratepayers	\$14	No figures to Report
Minnesota	4	\$771	Utility Ratepayers	No figures to Report	\$310
Missouri	2	\$203	Utility Ratepayers	\$1,104	\$594
Mississippi	1	\$45	Utility Ratepayers	\$22	No figures to Report
North Dakota	3	\$46	Utility Ratepayers	No figures to Report	\$124
Nebraska	2	\$112	Utility Ratepayers	No figures to Report	\$368
New Mexico	5	\$177	Utility Ratepayers	\$22	\$170
Oklahoma	7	\$3,130	Utility Ratepayers	\$849	\$1,270
South Dakota	1	\$15	Utility Ratepayers	\$95	No figures to Report
Texas - Regulated Utilities**	10	\$7,613	Utility Ratepayers	\$373	\$450
Texas - ERCOT Securitization (HB 4492) ***	Figures Unavailable	\$2,100	All ERCOT Customers	\$72	
<b>Total without ERCOT HB4492</b>	<b>67</b>	<b>\$14,491</b>			
<b>Total with ERCOT HB4492</b>		<b>\$16,591</b>			

\* Estimates derived using the best available data at the time of report draft. Actual final values for total recovery by state and recovery share by residential customer will vary depending on outcomes of ongoing regulatory and/or legislative processes.

\*\* See Table 2 for further detail on the cost recovery requests from regulated Texas utilities.



\*\*\* ERCOT HB 4492 securitization will be recovered from customers of both utility and competitive supply companies that do not opt out of the securitization mechanism.

As of this writing, we have identified 67 utilities seeking storm related recovery of at least \$14.5 billion<sup>6</sup> of principal alone, to be paid by ratepayers, with residential customers paying an estimated 58% of that total. These utility-monopolies seek not only to recoup losses at their customers' expense, but, in at least some cases, also to charge their rate of return on the losses until they have been recovered, thereby transforming what in a competitive industry would constitute massive financial losses into a profit center.

Meanwhile, although Texas has come to be identified with a fully competitive energy market, it is not. On the contrary, the natural gas utility sector for residential customers in Texas consists entirely of utility-monopolies. These entities have applied to their regulator to recover all their extraordinary costs. Additionally, Texans living in Austin, San Antonio, certain other cities and in rural areas have no choice in electricity provider. The losses the municipal and co-operative utilities experienced during the event also will be entirely recovered from their fixed base of consumers, with the possible exception of Brazos Electric Co-operative, which through bankruptcy is seeking to discharge some of its debts.

*Table 2: Winter Storm Uri Cost Recovery Requested by Texas Utility-Monopolies*

Utility-Monopolies	State	Commodity	Requested Cost Recovery (in \$ millions)	Recovery Source
Brazos Electric Coop	TX	Power	\$2,100	Ratepayers/Creditors
Atmos Energy	TX	Gas	\$1,466	Ratepayers
CenterPoint Energy	TX	Gas	\$1,141	Ratepayers
CPS Energy	TX	Power	\$1,000	Ratepayers
Rayburn Country Electric Cooperative Inc	TX	Power	\$641	Ratepayers
Lower Colorado River Authority	TX	Power	\$380	Ratepayers
SWEPCO (AEP)	TX	Power	\$375	Ratepayers
Southwestern Public Service (Xcel Energy)	TX	Power	\$76	Ratepayers
Texas Gas Service (One Gas Inc)	TX	Gas	\$280	Ratepayers
Entergy Texas Inc.	TX	Power	\$155	Ratepayers
<b>Total</b>			<b>\$7,613</b>	

<sup>6</sup> Not all utilities seeking relief identified the amounts sought. As such, the \$14.491 billion is a conservative estimate of the minimum that will be recovered from customers.

Very limited avenues are available to competitive suppliers to recoup past losses. In Texas, the state legislature authorized ERCOT, the operator of the electric grid covering vast majority of the state, to obtain a securitization of \$2.1 billion for costs related to ancillary services and uplift costs during Winter Storm Uri. Proceeds of this financing may be claimed by all load-serving entities, including both regulated and competitive suppliers. Even assuming some of these costs, as well as the costs of wholesale-indexed and variable-rate retail products, are passed to residential customers, the comparison between competitive and utility-monopoly markets is stark. Competitive supply customers will pay far less Winter Storm Uri related costs on average than utility-monopoly customers will. **Table 3** below compares the average cost impact of Winter Storm Uri on competitive supply customers in Texas versus utility-monopoly customers in Texas and other impacted states.

*Table 3: Average Uri Costs Incurred per Residential Customer*

Entity Type	Average Impact of Winter Storm Uri per Residential Customer
Power Competitive Suppliers - Texas	\$86 <sup>7</sup>
Power Utility Monopolies - Texas	\$373
Gas Utility Monopolies - Texas	\$450
Power Utility-Monopolies - All Uri Impacted States	\$326
Gas Utility-Monopolies - All Uri Impacted States	\$381

## II. Fuel Price Spikes During Severe Weather

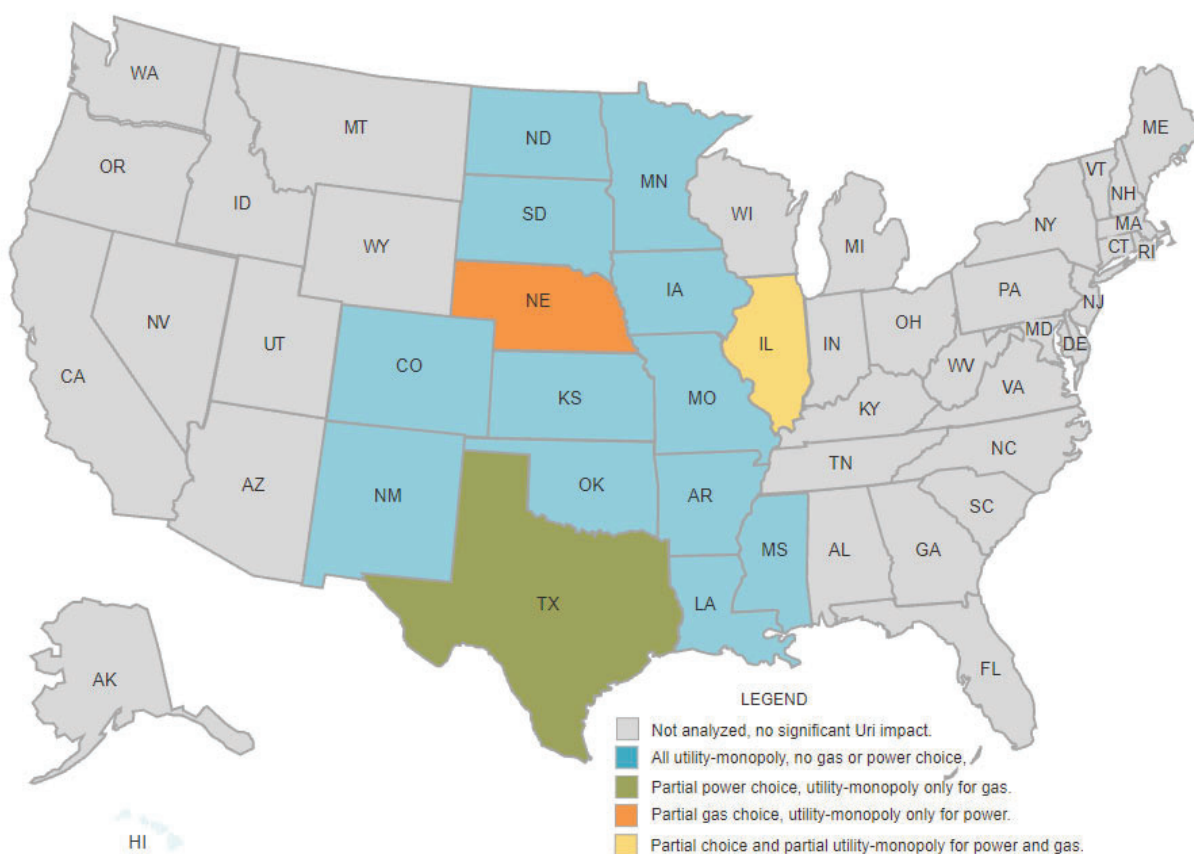
The severe weather of Winter Storm Uri caused a decline in natural gas production, as well as a decrease in electric generation, even as customer demand rose dramatically, resulting in very high wholesale prices in both these markets throughout a 15-state region. Certain utility executives and others have ascribed the financial consequences of Winter Storm Uri to electricity competition policy. The reality is that 12 out of the 15 states that experienced the most significant

<sup>7</sup> This value is derived by adding the \$72 residential customers are expected to pay for ERCOT Securitization HB 4492 plus cost increases residential customers already paid in February 2021 above and beyond what they normally paid in the last three Februaries prior to the storm. The derivation of this additional amount (approximately \$14 per customer) is discussed later in this paper.

power and natural gas wholesale price spikes from the storm do not allow power and natural gas competition at all. We found no evidence that the presence of a competitive retail energy market caused the extreme wholesale energy prices related to Uri. As discussed in the following sections, the existence of retail competition versus a utility-monopoly affects how extreme wholesale costs are recovered—with captive customers of monopolies bearing many of them, while customers with choice either were insulated by fixed rates or can “shop away” from the effects. In any case, the structure of the retail market did not cause natural gas wholesale price spikes, which were ubiquitous throughout the region, regardless of electricity policy choices a state had made.

The 15 states our analysis identified that experienced the most significant power and natural gas price spikes from Winter Storm Uri are shown in **Figure 1** below.

*Figure 1 - States with Most Significant Wholesale Price Impacts*



While power prices during the storm received the most press attention, constriction in gas supply was an underappreciated driver of the events seen in the power sector. Analysis from Bloomberg summarizes the key events leading up to the dramatic increase in gas prices:

Natural gas production in the state of Texas dropped by 11 billion cubic feet from February 9<sup>th</sup> to the 16<sup>th</sup>. On Feb 11, two pipeline companies, Targa Midstream Services LLC and DCP Midstream LP, were forced to shut gas-processing facilities due to freezing weather, according to filings with the Texas Commission on Environmental Quality. Immediately, prices skyrocketed. The following day, Vistra Corp., the largest retail power provider in the country, received multiple force majeure notices from gas suppliers, explaining they would not be able to fulfill their contractual obligations to supply the required volumes of gas. In total, 70% of the force majeure notices sent to Vistra from suppliers affected gas deliveries before ERCOT's first power cut. Refineries, petrochemical plants and gas export facilities began showing natural gas supply problems around this time, TCEQ data show.<sup>8</sup>

Issues with natural gas supply—52% of power is generated with natural gas in Texas<sup>9</sup>—contributed to high power prices and ultimately widespread blackouts in Texas. The root cause of high prices and blackouts was lack of physical energy supply and not the existence of retail competition. Indeed, competitive power generators in Texas performed better than fully regulated utility power plants in ERCOT during Winter Storm Uri.<sup>10</sup>

### Impact on Natural Gas Prices

The impact on natural gas prices were felt from Texas to Chicago and even New York. The most pronounced impacts were in Oklahoma and Texas. **Table 4** below summarizes a typical February compared to February 2021 prices. The most extreme spot gas prices were at the OneOK trading point in Oklahoma, which saw peak prices rise to 628 times normal and average prices to 244 times normal. The second-highest prices were in the Houston Ship Channel in Texas with peak prices 168 times normal and average prices 81 times normal. The Chicago and New York increases were more modest but show just how widespread the impacts of Winter Storm Uri were felt.

*Table 4 - Wholesale Natural Gas Prices<sup>11</sup>*

Location	State	Typical Price (\$/MMBtu) <sup>12</sup>	Average Price Feb 12- Feb 19 (\$/MMBtu)	Peak Price Feb 12 – Feb 19 (\$/MMBtu)
Transco Zone 6 NY	New York	\$2.49	\$9	\$15
Henry Hub	Louisiana	\$2.41	\$10	\$24
Chicago City Gate	Illinois	\$2.32	\$72	\$130

<sup>8</sup><https://www.bnnbloomberg.ca/gas-sellers-reaped-11-billion-windfall-during-texas-freeze-1.1627219#:~:text=Gas%20Sellers%20Reaped%20%2411%20Billion%20Windfall%20During%20Texas,McKinney%2C%20Texas%2C%20U.S.%2C%20on%20Tuesday%2C%20Feb.%2016%2C%202021>

<sup>9</sup> Derived using EIA Table 54.1. Electric Power Projections by Electricity Market Module Region

<sup>10</sup><https://www.rstreet.org/2021/06/28/surprise-competitive-generation-outperformed-regulated-monopolies-during-the-texas-winter-storm/>

<sup>11</sup> Daily gas pricing data obtained from Natural Gas Intelligence.

<sup>12</sup> Typical prices derived by averaging the February prices from the previous three years.

Waha	Texas	\$1.43	\$113	\$209
Houston Ship Channel	Texas	\$2.38	\$193	\$400
OneOK	Oklahoma	\$1.90	\$463	\$1,193

### Impact on Power Prices

ERCOT, the organization that operates the energy market and transmission system for most of Texas, has a cap on the wholesale spot price of power at \$9,000/MWh. In the past, the market has only reached this cap for a handful of hours and never for 24 hours/day for successive days. But during Winter Storm Uri, ERCOT prices held at or near the \$9,000/MWh ERCOT price cap for approximately 76 hours in Houston and 94 hours in Dallas from February 15 to the morning of February 19.<sup>13</sup> To put this in perspective, the ERCOT Houston zone price during Uri was approximately 415 times the typical price for February. Wholesale power prices also climbed in other states as well. For example, the average price in Chicago during Winter Storm Uri was 3.4 times the normal February; in central Illinois it was 4.4 times normal.

Table 5 – Wholesale Power Prices<sup>14</sup>

Pricing Location	Typical Price (\$/MWh)	Average Price Feb 2021 (\$/MWh)	Average Price Feb 12 - Feb 19 (\$/MWh)	Peak Price Feb 2021 (\$/MWh)
ERCOT Houston	\$22	\$1,515	\$5,200	\$9,235 <sup>15</sup>
ERCOT North	\$22	\$1,536	\$5,263	\$9,317 <sup>15</sup>
PJM ComEd	\$23	\$40	\$78	\$309
MISO Ameren CIPS	\$23	\$47	\$102	\$672

Again, these extreme prices occurred because of a lack of physical power supply as the result of the storm disrupting the production of power and natural gas and not because customers in parts of Texas have the choice to buy their electricity from competitive energy companies. We did not examine whether these extreme prices were fair and reasonable; this is a topic of much debate and litigation.<sup>16</sup> Rather, we focused on if and to what extent these extreme prices made their way to residential customers.

<sup>13</sup><https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/021621-texas-regulators-keep-prices-near-9000mwh-cap-during-rotating-outages>

<sup>14</sup> Not all the impacted areas of the storm fall under the jurisdiction of an RTO to establish a clear wholesale market price. As such, we only list applicable service areas in ERCOT, PJM and MISO in the table.

<sup>15</sup> Although these figures are above the ERCOT \$9,000 per MWh cap, they were posted by ERCOT as actuals.

<sup>16</sup> Gas Sellers Reaped \$11 Billion Windfall During Texas Freeze, Bloomberg, July 9, 2021.

### III. Utility-Monopoly Cost Recovery Mechanisms

#### The Utility-Monopoly Paradigm

Utility-monopoly service areas are those where customers can only buy their electricity and natural gas from vertically integrated utility-monopolies, regulated by the state. These utility-monopolies provide both the commodity and delivery of electricity or natural gas to their customers along with related invoicing and customer support. Utility-monopolies usually are permitted to pass through all energy costs to their ratepayers. Utility-monopolies set energy rates that estimate future costs plus or minus a reconciliation for past expenses that still need to be recovered. In the case of the extraordinary energy supply costs in February 2021, one of the three accounting mechanisms discussed in the **Table 6** below typically was used by utility-monopolies.

*Table 6 – Utility-monopoly Accounting Mechanisms*

Accounting Mechanism	Description
Tracker	Utility-monopolies are typically regulated on a “cost-of-service” basis, where all prudently incurred costs, including a return when utilities commit capital, are recovered from a captive set of customers. For fuel costs, nearly all utilities in recent decades are permitted to use a formula or “tracker” to recover these costs from customers on a current basis.
Deferred Accounting	For particularly extraordinary costs, utilities also employ deferred accounting—an exceptional practice available only to monopolies that allows utilities to obtain an “accounting order” from a regulator to record a “regulatory asset” that offsets extreme costs.
Securitization	Financing that allows utilities to confer a property right to bondholders for future dedicated revenue from a captive customer base, with proceeds from bond issuances flowing to the utility to reimburse it for exceptional costs.

In the aftermath of Winter Storm Uri, utilities have used all these mechanisms. Although the three are different, they all ensure that *future* customers will pay for a utility’s past losses on fuel costs. Utility-monopolies have been clear to their shareholders that they expect one or another regulatory treatment will be applied in a way that makes them whole. As an executive of CenterPoint Energy put it in its Q1 2021 earnings call:



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First, we delivered very strong results for the first quarter of 2021, including \$0.47 of utility EPS. Because the **higher natural gas prices are pass-through costs for our business, they did not impact this quarter's utility results** (emphasis added) ... We are off to a great start for the year, so let's check the utility earnings box as being on track.<sup>17</sup>

Like any business that buys large quantities of fuel or electricity—whether a utility-monopoly, a large customer, a competitive retail energy supplier, or an LNG exporter—a utility must decide whether to hedge its supply obligation through forward physical or financial purchases of the commodity. Unlike those other businesses, however, utilities usually pay little or no price if those hedging strategies fail. Winter Storm Uri represents an example of this, where regulated utilities are seeking to recoup all costs associated with the storm plus interest in most cases. Certain proceedings before state public utility commissions have emerged to question the utility's procurement actions, but even the most substantial requests to disallow utility expenditure would still reimburse most of the utility's extraordinary costs at the expense of customers. Typically, a utility-monopoly's request to raise rates for fuel costs in the context of a "tracker" are granted.

### **Utility-Monopoly Customers Are on the Hook for Winter Storm Uri Related Costs**

In the wake of Winter Storm Uri utility-monopolies in affected states are requesting or have already been approved to borrow money to pay their storm related costs, leaving their customers responsible to pay the borrowed money over time. We studied 67 power and natural gas utility-monopolies to determine the additional cost incurred or that will be incurred by their customers because of the storm. A small portion of utility-monopoly customers experienced immediate or near-immediate increases in price. These were primarily customers served by natural gas utility-monopolies that passed the wholesale prices directly to customers in their fuel cost adjustment instead of financing these costs over a future period. For example, all the major natural gas utilities in Illinois imposed a significant increase, as much as 51% from the rates prior to Winter Storm Uri, in their Purchased Gas Adjustment Rate beginning in March and April.<sup>18</sup> We found that all utility-monopoly customers, however, will pay for extraordinary costs from Winter Storm Uri through future price increases. Without exception, utility-monopolies impacted by the storm are now seeking full recovery of all storm-related costs and, in many cases, recovery of financing costs as well.

Recovery dockets that are complete and those that are ongoing suggest that the state commissions will permit full recovery for most utility-monopolies. This would result in customers paying Winter Storm Uri associated costs over months, years, or decades while shareholders of those same utility-monopolies are largely shielded from those costs.

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<sup>17</sup><https://www.msn.com/en-us/money/companies/centerpoint-energy-inc-cnp-q1-2021-earnings-call-transcript/ar-BB1gr9jH>

<sup>18</sup><https://www.icc.illinois.gov/natural-gas-choice/purchased-gas-adjustment-rates>, Nicor Gas Purchased Gas Adjustment Rate increased from \$.35/therm in March to \$.53/therm in April and has remained there through at least August 2021.

## Summary of Recovery Mechanisms

It's clear that the financial losses experienced by many utility-monopolies across the fifteen states we studied were enormous. As summarized in **Table 1**, we identified approximately \$14.5 billion in costs that were incurred by investor-, municipal-, and cooperative- owned electric and gas utility-monopolies during the storm that will be recovered at the expense of customers through the three accounting mechanisms previously discussed. Our analysis found that utility-monopolies opted to recover Winter Storm Uri related costs via tracker in the form of fuel cost adjustment increases when extraordinary costs were relatively low and via a deferred accounting or securitization where costs were relatively high. In either case, however, utility-monopoly shareholders are or will be made whole at the expense of utility-monopoly customers.

### Fuel Cost Recovery

Most natural gas utility-monopolies pass on their cost associated with purchasing natural gas directly to the consumer through fuel cost adjustments. One example are the utilities in Illinois that we discussed in the previous section. Each of the three major gas utilities in Illinois – Nicor Gas, North Shore Gas and Peoples Gas -- had significant increases in their “purchased gas adjustment” rate to recover costs associated with Uri. In these cases, customers did not pay for the costs associated with Uri immediately but on a slight delay – beginning in April 2021 instead of February 2021. However, customers will pay 100 percent of the costs associated with Winter Storm Uri.

Figure 2 - Illinois Utility Purchased Gas Adjustment<sup>19</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	\$0.2900	\$0.3000	\$0.3500	\$0.5300	\$0.5300	\$0.5300	\$0.5300					
2020	\$0.2600	\$0.2600	\$0.2600	\$0.2600	\$0.2600	\$0.2600	\$0.2400	\$0.2400	\$0.2600	\$0.2800	\$0.2800	\$0.2900
2019	\$0.3600	\$0.3600	\$0.3600	\$0.3700	\$0.3700	\$0.3700	\$0.3500	\$0.3300	\$0.3100	\$0.2900	\$0.2700	\$0.2700
2018	\$0.3200	\$0.3200	\$0.3200	\$0.3200	\$0.3600	\$0.3600	\$0.3800	\$0.3800	\$0.3800	\$0.3700	\$0.3600	\$0.3600
2017	\$0.4200	\$0.4100	\$0.3900	\$0.3900	\$0.4100	\$0.4300	\$0.3700	\$0.3500	\$0.3300	\$0.3300	\$0.3300	\$0.3300

Some utilities extended the normal fuel cost recovery mechanism to spread the costs associated with Winter Storm Uri over a longer period to lessen the monthly impact to customers, thereby changing their recovery mechanism from tracker to deferred accounting. But in either case, the utilities were fully compensated for their costs associated with Winter Storm Uri.

<sup>19</sup> <https://www.icc.illinois.gov/natural-gas-choice/purchased-gas-adjustment-rates>



### Finance Mechanisms

For the utility-monopolies that did not use a fuel cost adjustment to recover the impact of higher wholesale prices, a financing mechanism is used to enable them to borrow the money and have their customers repay it over time. These mechanisms vary in their term and interest rates depending on the state and utility-monopoly. For large, unexpected events such as Winter Storm Uri, a common method of financing is “securitization”. This typically requires the issuance of legislation or a utility commission order allowing a utility-monopoly to structure the debt such that it receives a strong credit rating and thus reduces the cost of financing. The future revenue from the rate increase to the customer is pledged against the debt to provide creditor assurance it will be repaid.

Oklahoma utilities racked up some of the most significant extraordinary costs during Winter Storm Uri, outpacing many states including Texas in terms of the dollar amount each residential customer will be charged because of the storm.

*Table 7 – Estimated Share of Recovery per Residential Customer: Oklahoma v Texas*

State	Estimated Share of Recovery per Residential Customer Power * (in \$)	Estimated Share of Recovery per Residential Customer Gas * (in \$)
Oklahoma	\$849	\$1,270
Texas - Regulated Utilities	\$373	\$450

*\* Estimates derived using the best available data at the time of report draft. Actual final values for total recovery by state and recovery share by residential customer will vary depending on outcomes of ongoing regulatory and/or legislative processes*

Texas, Oklahoma<sup>20</sup> and other states have provided paths for their utility-monopolies to securitize their debts associated with Winter Storm Uri. In Texas, this has been enabled through SB 1580 and HB 1520. SB 1580<sup>21</sup> provides support for electric cooperatives in Texas that face substantial losses in the wake of Uri by securitizing their losses. The most prominent of these is Brazos Electric Coop who filed for bankruptcy in the face of \$2.1 billion in Uri related costs. SB 1580 allows the co-op to issue multi-decade securitization bonds to be repaid through non-bypassable “securitization charges” by all the co-op’s customers. HB 1520<sup>22</sup> enables gas utilities to recover costs they may incur to secure gas supply and provide service during natural and man-made

<sup>20</sup> <http://www.oklegislature.gov/BillInfo.aspx?Bill=SB%201050&Session=2100>

<sup>21</sup> <https://capitol.texas.gov/tlodocs/87R/billtext/html/SB01580F.htm>

<sup>22</sup> <https://capitol.texas.gov/reports/report.aspx?LegSess=87R&ID=author&Code=A2515>

disasters, system failures, and other catastrophic events over an extended period through non-bypassable charges.

### *Utility-Monopoly “Fixed Rates”*

Even when utility-monopolies are “innovative” and provide options to customers for something other than a direct pass-through of wholesale prices, they still seek to recover their losses from such products. For example, Oklahoma Gas & Electric offers customer “price security” by fixing the customers cost per month with their Guaranteed Flat Bill offering. But in their request for relief, they list their \$30 million loss from this product as part of what they want to recover from customers instead of shareholders. This is a stark contrast to competitive energy suppliers whose shareholders take the loss when the company loses money.

### **Cost Recovery by Utility-Monopoly**

**Table 8** provides a sampling of utility-monopolies that incurred costs associated with Winter Storm Uri. In every case we found the utility proposed full cost recovery so that their shareholders remain fully protected while their customers remain on the hook for their entire bill.

*Table 8 –Utility- Monopoly Winter Storm Uri Requested Cost Recovery*

Utility-Monopolies	State	Commodity	Requested Cost Recovery (in \$ millions)	Cost Recovery Source	Cost Recovery Mechanism <sup>23</sup>
Brazos Electric Coop	TX	Power	\$2,100	Ratepayers/Creditors	Securitization
Atmos Energy	TX	Gas	\$1,466	Ratepayers	Securitization
CenterPoint Energy	TX	Gas	\$1,141	Ratepayers	Securitization
CPS Energy	TX	Power	\$1,000	Ratepayers	*
Rayburn Country Electric Cooperative Inc	TX	Power	\$640.5	Ratepayers	*
Lower Colorado River Authority	TX	Power	\$380	Ratepayers	*
SWEPSCO (AEP)	TX	Power	\$375.0	Ratepayers	*
Southwestern Public Service (Xcel Energy)	TX	Power	\$76.0	Ratepayers	Tracker
Texas Gas Service (One Gas Inc)	TX	Gas	\$279.6	Ratepayers	Securitization
Entergy Texas Inc.	TX	Power	\$155.0	Ratepayers	*
Black Hills	SD	Power	\$15.0	Ratepayers	*
Oklahoma Natural Gas	OK	Gas	\$1,371.4	Ratepayers	Securitization
OG&E	OK	Power	\$1,000.0	Ratepayers	Securitization

<sup>23</sup> Utility accounting has many nuanced mechanisms and applicable vocabulary. For clarity, we have categorized the various mechanisms employed into the three broad categories we described in Table 6, though there may be differences within each category.

Utility-Monopolies	State	Commodity	Requested Cost Recovery (in \$ millions)	Cost Recovery Source	Cost Recovery Mechanism <sup>23</sup>
Public Service Co of Oklahoma	OK	Power	\$650.0	Ratepayers	Securitization
CenterPoint	OK	Gas	\$79.0	Ratepayers	Securitization
Arkansas OK Gas	OK	Gas	\$22.0	Ratepayers	Securitization
Liberty-Empire	OK	Power	\$6.7	Ratepayers	Securitization
Fort Cobb Fuel Authority	OK	Gas	\$0.6	Ratepayers	*
New Mexico Gas Company	NM	Gas	\$110.0	Ratepayers	*
Public Service Co of NM	NM	Power	\$28.5	Ratepayers	*
Southwestern Public Service Co	NM	Power	\$20.0	Ratepayers	*
Zia Gas	NM	Gas	\$16.7	Ratepayers	*
El Paso Electric Co	NM	Power	\$1.3	Ratepayers	*
Black Hills	NE	Gas	\$86.5	Ratepayers	Deferred Accounting
NW Energy	NE	Gas	\$25.4	Ratepayers	Deferred Accounting
Xcel	ND	Gas	\$32.5	Ratepayers	Tracker
MDU	ND	Gas	\$13.5	Ratepayers	*
Entergy Mississippi LLC	MS	Power	\$45.0	Ratepayers	*
Empire District Electric Co	MO	Power	\$168.7	Ratepayers	Deferred Accounting
Empire Gas	MO	Gas	\$33.8	Ratepayers	*
CenterPoint	MN	Gas	\$470.0	Ratepayers	Deferred Accounting
Xcel	MN	Gas	\$215.0	Ratepayers	*
MERC	MN	Gas	\$75.0	Ratepayers	Tracker
Great Plains	MN	Gas	\$11.0	Ratepayers	*
Entergy Louisiana LLC	LA	Power	\$190.0	Ratepayers	Tracker
Entergy New Orleans, LLC	LA	Power	\$15.0	Ratepayers	*
Kansas Gas Service	KS	Gas	\$451.7	Ratepayers	Securitization
Evergy Kansas Central, Inc	KS	Power	\$153.2	Ratepayers	Deferred Accounting
Southern Pioneer Electric Company	KS	Power	\$92.5	Ratepayers	Deferred Accounting
Sunflower Electric	KS	Power	\$92.5	Ratepayers	*
Black Hills Gas	KS	Gas	\$87.9	Ratepayers	*
Atmos Energy	KS	Gas	\$76.7	Ratepayers	*
Evergy Metro	KS	Power	\$43.9	Ratepayers	*
Midwest Energy	KS	Gas	\$12.0	Ratepayers	*
Eskridge	KS	Gas	\$1.2	Ratepayers	*
American Energies	KS	Gas	\$0.3	Ratepayers	*

Utility-Monopolies	State	Commodity	Requested Cost Recovery (in \$ millions)	Cost Recovery Source	Cost Recovery Mechanism <sup>23</sup>
Empire District Electric Co	KS	Power	*	Ratepayers	*
Nicor Gas	IL	Gas	*	Ratepayers	Tracker
North Shore Gas	IL	Gas	*	Ratepayers	Tracker
Peoples Gas	IL	Gas	*	Ratepayers	Tracker
Liberty	IA	Gas	\$1.2	Ratepayers	Deferred Accounting
PUB SERVICE CO OF COLORADO	CO	Gas	\$354.1	Ratepayers	Deferred Accounting
Public Service Co of Colorado	CO	Power	\$307.1	Ratepayers	Deferred Accounting
Black Hills	CO	Gas	\$72.7	Ratepayers	*
Black Hills Colorado Electric, LLC	CO	Power	\$23.1	Ratepayers	*
Atmos Energy	CO	Gas	\$23.1	Ratepayers	*
Colorado Natural Gas	CO	Gas	\$8.2	Ratepayers	*
SWEPCO	AR	Power	\$121.0	Ratepayers	Securitization
Entergy Arkansas LLC	AR	Power	\$105.0	Ratepayers	Deferred Accounting
AR Elec Coop	AR	Power	\$100.0	Ratepayers	*
Carroll Electric Coop Corp - (AR)	AR	Power	\$18.0	Ratepayers	*
Ozarks Electric Coop Corp - (AR)	AR	Power	\$10.2	Ratepayers	*
Empire District Electric Co	AR	Power	\$6.6	Ratepayers	*
North Arkansas Elec Coop, Inc	AR	Power	\$6.4	Ratepayers	*
Petit Jean Electric Coop Corp	AR	Power	\$3.0	Ratepayers	*
South Central Ark El Coop, Inc	AR	Power	\$1.9	Ratepayers	*
Ouachita Electric Coop Corp	AR	Power	\$1.7	Ratepayers	Tracker
Brazos Electric Coop	TX	Power	\$2,100	Ratepayers/Creditors	Securitization
<b>Total</b>			<b>\$14,491</b>		

\* Item is unknown as of this writing

As **Table 8** illustrates, approximately \$14.5 billion is being requested by monopoly-utilities to be recovered from monopoly-utility customers. Of that total, we estimate that approximately \$8.3 billion or 58% will be recovered from residential customers.<sup>24</sup>

<sup>24</sup> Dollar & percentage figure estimates derived by multiplying the cost per residential customer multiplied by the number of residential customers in each utility.

Where financing via securitization is not available, utility-monopolies typically seek to recover costs through their own direct financing. In either case, it appears that, at least in most cases, the utilities will be able to recover all their costs plus interest. A possible exception may be in Minnesota where the Attorney General has come out strongly against CenterPoint fully recovering their costs. The Attorney General stated:

Minnesota ratepayers should not reimburse profitable utilities for irresponsible business-as-usual decisions in the face of a well-predicted severe winter storm and corresponding price spike in the natural gas market. Winter Storm Uri was an unprecedented event that led to severe natural gas price increases. The utilities did not cause this weather or its impact on market prices. They are, however, responsible for the actions they took – or failed to take – in response to the storm and the increased market prices it caused ... **One reason for these tepid actions appears to be that the utilities believed that they would not have to pay the high commodity prices they were facing, because the costs would be passed on to ratepayers.** (emphasis added)<sup>25</sup>

However, this is just the Attorney General’s recommendation. The Minnesota Public Utilities Commission has not yet ruled on the utility-monopoly’s request to pass through Uri related costs to their customers, so it is still possible for CenterPoint to receive complete recovery.

We also note that this same utility, CenterPoint Minnesota, originally requested that they not only recover 100% of their costs, but that they get to charge an 8.72% interest rate to customers on top of it, a request they have since pulled back. At a time when customers can refinance their homes at less than 3 or 4%, the utility-monopoly sought, albeit unsuccessfully, to take advantage of the catastrophic event by using cost recovery to earn a solid profit. Other utilities seeking recovery from the storm, however, have been allowed to recover costs plus their normal regulated rate of the return. For example, the Nebraska Public Utility Commission granted NorthWestern Corporation’s proposal to fully recover storm related costs plus their allotted rate of return, enabling the company to maintain profit margin even in the wake of financial losses.<sup>26</sup>

## IV. Customer Exposure in Competitive Retail Energy Markets

### The Competitive Retail Energy Market Paradigm

Energy restructuring in the United States came about to combat the inefficiencies of electric and gas utility-monopolies. The introduction of competition policy was intended to discipline an industry that had shown little urgency to keep consumer prices low, reasonable, or transparent.

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<sup>25</sup> Comments of the Office of the Attorney General in Docket No. G-999/CI-21-135, Docket No. G-008/M-21-138, Docket No. G-004/M-21-235 dated July 6, 2021.

<sup>26</sup> See Docket No. NG-111.2, Application No. NG-111/PI-237, ORDER APPROVING RECOVERY PLAN, Entered: May 11, 2021.

Beginning in the 1980s and '90s, legislatures passed laws that segmented vertically integrated utility-monopolies in some states into separate generation, delivery services (distribution and transmission), and retail functions. While delivery services remained a monopoly service, generation and related services became competitive.

Since then, retail energy competition emerged in many U.S. states, giving consumers the option to purchase power and natural gas from a competitive energy supplier that is different from the monopoly utility. When a consumer chooses to buy electricity and/or natural gas from a competitive supplier, the competitive supplier procures the commodity from the wholesale market and/or from their own resources and arranges for its delivery to the consumer's local utility service area. Where the traditional utility-monopoly model would ultimately pass all its wholesale risk to its consumers, this restructured competitive model shifted the risk of the wholesale markets off of consumers and onto the suppliers, who are equipped and motivated to manage it effectively. Winter Storm Uri served as a reminder of how great a risk wholesale markets can sometimes present.

It should be noted that even in states with competition, it is rare for all customers in the state to take service from a competitive supplier. In some cases, competitive options are only permitted for the largest utilities in the market, in others, only for certain customer classes, and is often not permitted in service areas of municipally owned systems or cooperatives.

### Competitive Retail Energy Supplier Customers Avoided Winter Storm Uri Related Costs

For the 15 states we analyzed, less than one-third of residential power customers and approximately one-fifth of natural gas customers participate in customer choice. For power, only a portion of the customers in Illinois and Texas have choice and for natural gas only a portion of customers in Illinois and Nebraska have choice. **Table 9** below illustrates the number of customers with choice that have switched to a competitive supplier versus utility customers.

*Table 9 – Residential Customers with Choice*

State	Power Customers Participating in Choice	Power Customers Not Participating in Choice <sup>27</sup>	Gas Customers Participating in Choice <sup>28</sup>	Gas Customers not Participating in Choice <sup>29</sup>
AR	0	1,396,870	0	557,263
CO	0	2,370,164	0	1,813,004
IA	0	1,392,979	0	935,342
IL	1,567,228 <sup>30</sup>	3,736,852	287,891 <sup>31</sup>	3,651,154
KS	0	1,274,955	0	872,451
LA	0	2,095,466	0	910,369
MN	0	2,446,111	0	1,559,872

<sup>27</sup> [https://www.eia.gov/electricity/sales\\_revenue\\_price/pdf/table1.pdf](https://www.eia.gov/electricity/sales_revenue_price/pdf/table1.pdf)

<sup>28</sup> [https://www.eia.gov/naturalgas/annual/pdf/table\\_026.pdf](https://www.eia.gov/naturalgas/annual/pdf/table_026.pdf)

<sup>29</sup> [https://www.eia.gov/dnav/ng/ng\\_cons\\_num\\_a\\_EPG0\\_VN3\\_Count\\_a.htm](https://www.eia.gov/dnav/ng/ng_cons_num_a_EPG0_VN3_Count_a.htm)

<sup>30</sup> <http://pluginillinois.org/>

<sup>31</sup> EIA Natural Gas Annual, Table 26 - Number of Consumers Eligible and Participating in a Customer Choice Program in the Residential Sector, 2020



MO	0	2,811,863	0	1,421,619
MS	0	1,293,419	0	465,891
ND	0	385,038	0	148,015
NE	0	855,619	67,700	485,565
NM	0	895,086	0	594,859
OK	0	1,777,156	0	952,938
SD	0	403,717	0	194,067
TX	6,451,123 <sup>32</sup>	4,915,516	0	4,786,445
<b>Total</b>	<b>8,018,351</b>	<b>28,050,811</b>	<b>355,591</b>	<b>19,348,854</b>

We examined each of these states and found there was no evidence that customers taking service from competitive suppliers in either Illinois or Nebraska experienced any immediate increase in price associated with Winter Storm Uri. In Texas, which garnered most of the jaw dropping headlines such as “\$17,000 Electric Bill? A Deregulated Power Grid Leads to Wild Prices for Texans”,<sup>33</sup> we estimate that less than one-half of one percent of all residential customers taking service with a competitive retail supplier experienced price increases that reflected the wholesale market spikes. And even for those unfortunate few customers, they will likely never have to pay those bills.<sup>34</sup>

We found no signs that the costs of Winter Storm Uri were being recovered in future price increases for customers in competitive markets. In fact, average supplier prices for a 12-month fixed price contract in Texas decreased slightly over the four months after Winter Storm Uri compared to the four months before the storm. Robust competition among retail suppliers appeared to prevent retailers from recouping past losses in future pricing.

### Product Offerings Available to Customers Residing in Competitive Markets

The competitive market provides an array of product and pricing options to residential customers. More broadly, however, competitive offers for residential customers fall into one of three product categories:

- **Fixed Prices** – Either the customer’s total monthly price is fixed or the price per unit (\$/kWh or \$/therm)<sup>35</sup> is fixed for the term of the agreement.<sup>36</sup> Where the total monthly cost is fixed, the effective \$/kWh or \$/therm will go up or down based on the monthly

<sup>32</sup> [https://www.eia.gov/electricity/sales\\_revenue\\_price/pdf/table6.pdf](https://www.eia.gov/electricity/sales_revenue_price/pdf/table6.pdf)

<sup>33</sup> <https://www.forbes.com/sites/jonathanponciano/2021/02/20/17000-electric-bill-deregulated-power-grid-texas-griddy/?sh=408e7e0258ba>

<sup>34</sup> March 16, 2021 Press Release "AG Paxton Ensures Forgiveness of \$29 Million in Electric Bills for 24,000 Texans After Suing Griddy Energy, LLC"

<sup>35</sup> Residential gas customers may be measured in different units depending on the utility, we use therms here as a common reference for explanatory purposes.

<sup>36</sup> In the Texas retail competitive market, fixed price products frequently include a pass through, without mark-up, of regulated transmission and distribution utility (TDU) delivery charges. The cost of TDU delivery charges can change multiple times a year due the numerous rider mechanisms TDUs may utilize between major rate cases.

consumption. Where the cost per unit is fixed, the monthly cost will change based on the customer’s actual monthly consumption. In either case, the customer is protected against movements in the wholesale market price for the duration of their contract.

- **Variable Prices** – The customer’s price per unit can change each month based on the supplier’s pricing. These plans are either chosen by the customer from the onset, or the customer has automatically been rolled over to a variable price contract when their fixed price term ends. These plans are not directly tied to the wholesale index but can reflect some portion of wholesale market costs.<sup>37</sup>
- **Wholesale Index Rates** – The customer’s cost will change based on the wholesale market cost. The primary example of this rate was Griddy, who charged the customer \$9.99/month as a subscription fee and the cost of energy was based directly on the wholesale market price. Prior to Uri, we are only aware of this type of plan being an option for Texas power customers. Following Uri, these plans have been outlawed in Texas and we are not aware of any supplier offering this option in any other market.

While wholesale index rates attracted all the press in the aftermath of Winter Storm Uri, we estimate that in the competitive market only one-quarter of one percent of residential customers were on these rates. The majority of customers were (and continue to be) on fixed price rates,<sup>38</sup> with a smaller percentage on variable rates.

### Impacts of Wholesale Prices on Competitive Retail Markets

We examined how residential customer prices were impacted by the wholesale price increases in the three competitive markets that exist within our 15-state analysis. We began by looking at the residential retail prices in each market to determine if retail prices moved during February and March. Even though Uri was over by February 19, 2021, we examined changes in prices for both February and March combined to determine if some residual impacts on customer prices carried over into March. The results are summarized in **Table 10**. Neither the Nebraska gas market, the Illinois competitive gas market (see further discussion in the next section), nor the Illinois power market showed any appreciable movement in price.

*Table 10 – Residential Choice Market Price Increases in February & March 2021<sup>39</sup>*

	Illinois Gas All Market (\$/MCF)	Illinois Gas Competitive Market Only (\$/MCF)	Nebraska Gas (\$/MCF)	Illinois Power (cents/kWh)	Texas Power (cents/kWh)
Feb/Mar (Prev 3 Years)	6.92	6.92	6.91	12.84	11.57
Feb/Mar 2021	7.35	6.88	6.96	12.97	12.10

<sup>37</sup> It’s worth noting that competitive suppliers may hedge variable price offers just as they do fixed price offers.

<sup>38</sup> Electricity Prices During the 2021 Winter Storm, Prepared by the Public Utility Commission of Texas 2/21/2021.

<sup>39</sup> Gas and power prices obtained from the Energy Information Administration (EIA).



Change (%)	6.2%	-0.6%	0.7%	1.0%	4.7%
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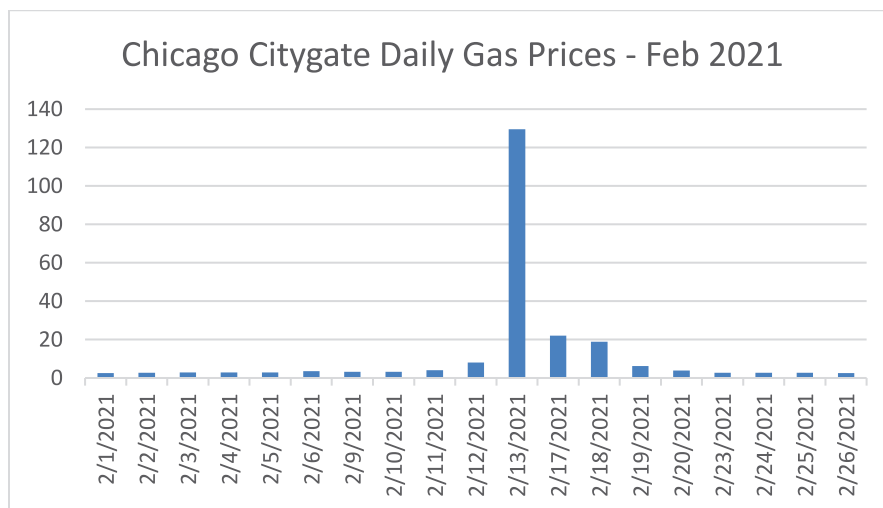
However, Illinois gas prices overall did show an increase of 6.2% while Texas power prices show a 4.7% increase in residential prices.

Based on this retail price data there is no evidence that residential choice customers saw any impact in the price of their natural gas in Nebraska or Illinois, or in their price of power in Illinois. While we could find no data on the percentage of customers in either market that chose fixed price products, it is highly likely that we find no appreciable movement in price because the preponderance of customers in both markets who chose a competitive supplier were protected by choosing a fixed price contract. Since we did see increased residential prices in the overall Illinois natural gas and Texas power markets, we examined these markets further.

### *Illinois Natural Gas Competitive Market*

Wholesale natural gas prices in Chicago<sup>40</sup> rose significantly higher than normal during Uri, rising to \$130/MMBtu compared to typical February prices of \$2.32/MMBtu. For the period impacted by Winter Storm Uri, if Illinois customers who chose a competitive supplier were to have been exposed to wholesale prices, their costs would have increased 37-fold for the week or nearly 12-fold for the month of February alone. As mentioned earlier, at the retail level we see a 6.2% increase in natural gas prices for Illinois. Next, we examined what portion of this price increase was related to ratepayers of the utility-monopolies versus customers of competitive suppliers.

*Figure 2 – Chicago Citygate Daily Spot Prices*



<sup>40</sup> Chicago wholesale natural gas prices are reflected in the trading hub known as “Chicago Citygate”.

Only 7.3% of gas customers in Illinois have chosen a competitive natural gas supplier.<sup>41</sup> The remaining customers (92.7%) are served under regulated prices through their local utility. In Illinois, the utilities pass through their costs of natural gas with the “Purchased Gas Adjustment Rate.” We examined the Purchased Gas Adjustment Rate for Illinois’ three largest gas utilities and found that there was a significant increase (\$1.15/MCF) in March. When we remove the impact of this increase, we find that retail prices actually decreased by 0.6%. This means that the entire increase in Illinois retail gas prices is due to utility-monopoly price increases, not competitive markets.

*Table 11 – Illinois Retail Natural Gas Prices in February/March 2021*

	<b>Total Retail Price (Utility- Monopoly and Competitive Markets) (\$/MCF)</b>	<b>Portion of Increase Due to Utility- Monopolies</b>	<b>Retail Price for Competitive Supply Customers (\$/MCF)</b>
Feb/Mar (Prev 3 Years)	6.92		6.92
Feb/Mar 2021	7.35	.47	6.88
<b>Change (%)</b>	<b>6.2%</b>		<b>-0.6%</b>

Despite a twelve-fold increase in natural gas prices in Illinois, we conclude there is no evidence that Illinois customers who chose a competitive supplier were exposed to these increases while utility-monopoly customers were.

### *Texas Power Competitive Market*

The state that felt the most impact on wholesale power prices from Winter Storm Uri is undoubtedly Texas. Eye-popping headlines such as “Griddy customers face \$5,000 electric bills for 5 freezing days in Texas”<sup>42</sup> were all over the news across the country and the world. While these headlines grabbed readers’ attention, they leap to conclusions that are simply not accurate. First, that a high percentage of Texans paid exorbitant power bills and second that the reason so many Texans were paying these high power bills was because they had the ability to choose their energy supplier (i.e. the market was “deregulated”).

There is no doubt that wholesale power prices in Texas were extreme. ERCOT wholesale prices in February normally average approximately 2.2 cents/kWh for the Houston zone<sup>43</sup>; but during Uri the price of spot market electricity sat at or near 9 dollars/kWh for 76 to 94 hours depending on ERCOT zone. Based on our analysis, if a typical customer living in Houston had to pay the full wholesale price for energy, ancillary services and other retail uplifts and their power had stayed

<sup>41</sup> U.S. Energy Information Administration, Natural Gas Annual 2019.

<sup>42</sup> <https://www.thedailybeast.com/dollar5152-power-bill-texas-winter-storm-hell-only-gets-worse>

<sup>43</sup> Figure is derived by averaging ERCOT Houston Zone LMP prices for the three Februaries prior to 2021.

on the entire period (which of course did not happen for most customers due to the widespread power outages), their electric bill would have been \$4,969 for just the month of February<sup>44</sup>.

The vast majority of customers, by some accounts approximately 75%,<sup>45</sup> were taking competitive service on fixed price plans that successfully shielded them from these high prices. As noted above, less than half a percent of residential competitive supply customers was on wholesale-based pricing plans. For those customers, the wholesale price increase was directly passed through resulting in a price increase of many times normal. However even for these customers, they will pay little to none of this increase due to ongoing litigation and government intervention.<sup>46</sup> While we could not find specific data on the number of competitive customers on variable prices, it's apparent that such customers received only a very small percentage of the wholesale price increase. Assuming 75% of customer enrollment in fixed prices, the remaining 24-25% of the population on month-to-month variable prices saw a pass-through of only about 1% of the gross wholesale price increase, which resulted in these rates increasing by approximately 21% for the month of February.

### *Impacts on Competitive Suppliers*

Many competitive retailers saw substantial losses as a result of Winter Storm Uri. If retailers did not have large enough hedges to meet their customers' demand or saw their 'physical' hedges fail (for those that own affiliated power plants), the losses were dramatic.

From our research, we identified six suppliers that went bankrupt, seven that had to sell their businesses under distress, and five that stayed in business but had significant losses. In total, just from those suppliers that released their losses, we identified energy supplier losses of \$3.3 billion. There are certainly more losses amongst energy suppliers than what we identified because losses were generally only released by public companies or companies facing bankruptcy. Privately held suppliers that lost money but did not file for bankruptcy or sell their business would not have reason to make their losses public.

*Table 12 - Energy Supplier Losses in Choice Markets*

Energy Supplier	Estimated Losses (millions)	Estimated Customers	Shareholder Consequence
Brilliant Energy <sup>47</sup>	\$45	9,000	Bankruptcy/Distressed Sale

<sup>44</sup> Figure derived using historical prices for ERCOT Houston zone energy, ancillary services, uplifts, RUC, REC, and CRRs multiplied against residential load profile RESHIWR\_COAST for the month of February 2021.

<sup>45</sup> <https://www.keranews.org/news/2021-02-22/heres-what-to-expect-from-your-next-electricity-bill-in-texas>

<sup>46</sup> March 16, 2021 Press Release "AG Paxton Ensures Forgiveness of \$29 Million in Electric Bills for 24,000 Texans After Suing Griddy Energy, LLC"

<sup>47</sup> <http://www.energychoicematters.com/stories/20210316zz.html>

Constellation <sup>48</sup>	\$800	120,558	Financial Losses
Energy Monger <sup>49</sup>	\$7	3,756	Distressed Sale
Entrust Energy <sup>50</sup>	\$270	63,000	Distressed Sale
GB Power <sup>51</sup>			Distressed Sale
Genie <sup>52</sup>	\$13	375,000 <sup>53</sup>	Financial Losses
Griddy <sup>54</sup>	\$29	29,000	Bankruptcy
GridPlus Texas <sup>55</sup>	\$1	915	Distressed Sale
Iluminar Energy <sup>56</sup>	\$42		Distressed Sale
Just Energy <sup>57</sup>	\$250	208,339	Bankruptcy
Liberty Power <sup>58</sup>	\$81	25,000	Bankruptcy
NRG <sup>59</sup>	\$967	2,900,000	Financial Losses
Pogo Energy <sup>60</sup>	\$25	15,000	Bankruptcy
Power of Texas Holdings <sup>61</sup>			Bankruptcy
Pulse Power <sup>62</sup>	\$200	100,000	Distressed Sale
Spark <sup>63</sup>	\$65	367,000	Financial Losses
Vistra <sup>64</sup>	\$510	2,724,000	Financial Losses
Volt Electricity Provider <sup>65</sup>	\$1		Distressed Sale
Young Energy <sup>66</sup>		32,403	Financial Losses
<b>Total</b>	<b>\$3,306</b>		

### *No Impact on Future Prices for Competitive Market Customers from Winter Storm Costs*

We examined whether competitive supplier offer prices varied before and after Uri. While there was insufficient data to perform this analysis for Illinois and Nebraska, we were able to obtain

<sup>48</sup> Plaintiffs' Original Petition for Declaratory Judgement and Alternatively, Judicial Review in Exelon Generation Company, LLC and Constellation NewEnergy, Inc. vs Public Utility Commission of Texas; April 19, 2021.

<sup>49</sup> Letter from Drew Gormley to employees and brokers.

<sup>50</sup> <https://www.law360.com/articles/1370826/texas-electric-retailer-hits-ch-11-with-400m-in-debt>,  
<https://www.prnewswire.com/news-releases/rhythm-acquires-customers-of-entrust-energy-inc-and-power-of-texas-holding-inc-301241112.html>

<sup>51</sup> <http://www.energychoicematters.com/stories/20210505ca.html>

<sup>52</sup> <https://www.bloomberg.com/press-releases/2021-03-08/genie-energy-estimates-preliminary-impact-of-winter-storm-uri-in-texas>

<sup>53</sup> 10,000 of these customers were in Texas.

<sup>54</sup> Declaration of Michael Fallquist in Support of the Debtor's Chapter 11 Petitions and First Day Relief

<sup>55</sup> <http://www.energychoicematters.com/stories/20210505ca.html>

<sup>56</sup> <http://www.energychoicematters.com/stories/20210505ca.html>

<sup>57</sup> <https://www.wsj.com/articles/texas-energy-fallout-tips-power-retailer-just-energy-into-bankruptcy-11615307592?page=1>

<sup>58</sup> <http://www.energychoicematters.com/stories/20210421a.html>

<sup>59</sup> <https://www.nrg.com/about/newsroom/2021/39596.html>

<sup>60</sup> <http://www.energychoicematters.com/stories/20210702aa.html>

<sup>61</sup> <https://www.bankruptcyobserver.com/bankruptcy-case/POWER-OF-TEXAS-HOLDINGS>

<sup>62</sup> <https://news.yahoo.com/texas-power-crisis-could-cripple-213639203.html>

<sup>63</sup> <http://www.energychoicematters.com/stories/20210506b.html>

<sup>64</sup> [https://filecache.investorroom.com/mr5ir\\_vistracorp\\_ir/174/1Q21-Earnings-Presentation\\_FINAL.pdf](https://filecache.investorroom.com/mr5ir_vistracorp_ir/174/1Q21-Earnings-Presentation_FINAL.pdf)

<sup>65</sup> <http://www.energychoicematters.com/stories/20210303zz.html>

<sup>66</sup> <https://news.yahoo.com/texas-power-crisis-could-cripple-213639203.html>

detailed data on historical competitive offers before and after Uri for Texas from the Association of Electric Companies of Texas (AECT).

AECT collects detailed information on competitive supplier offers from the Texas Power to Choose website each month. This enabled us to look at the average 12-month fixed price offers of competitive suppliers for the four months prior to Winter Storm Uri (October 2020 to January 2021) to the same offers for the four months after Winter Storm Uri (March 2021 to June 2021). Not surprisingly we found that the number of offers declined significantly. Given the reduction in the number of competitors and the risk implied by the Uri wholesale prices, we would have expected that the average price of competitive offers would have increased – but in fact, we found the opposite. For every major distribution company, 12-month fixed price offers **decreased** anywhere from 0.3% to 2.5%. This demonstrates that the level of competition in Texas is robust and that this competition forces suppliers to keep their prices in check, even in the face of extreme events.

*Table 13 - Texas Competitive Fixed Price Offers Before and After Uri<sup>67</sup>*

	Distribution Company				
	AEP TX Central	AEP TX North	Center Point	Oncor	TNMP
Prices Before Uri (cents/kWh)	10.80	9.95	10.58	10.13	11.95
Prices After Uri (cents/kWh)	10.70	9.90	10.40	10.10	11.70
Change (%)	- 0.9%	- 0.3%	- 1.7%	- 0.5%	- 2.5%
Offers Before Uri	59	55	63	66	57
Offers After Uri	52	48	54	53	48
Change (%)	-12.2%	-12.4%	-14.6%	-19.0%	-17.0%

### *Choice Customer Impacts from ERCOT Cost Recovery*

The last area we examined is any potential increase in choice customer costs because of regulatory cost recovery mechanisms. To this end, we only found one potential mechanism, Texas HB 4492. HB 4492 establishes a \$2.1 billion mechanism to recoup the costs associated with ancillary service prices exceeding the \$9,000/MWh ERCOT cap on energy as well as Reliability Deployment Price Adder charges assessed to load-serving entities (“Uplift Balance”).<sup>68</sup> This mechanism applies to both competitive retailers and utility-monopoly entities and will reimburse a fraction of the costs previously paid by load-serving entities. HB 4492 requires that participating

<sup>67</sup> Association of Electric Companies of Texas -- 210701\_PriceCheckWorksheet.

<sup>68</sup> The law also establishes a separate securitization of \$800 million to resolve ‘short payments’ made to those who sold generation in the market but were not fully paid due to market-participant defaults. The costs of that borrowing will be paid by each market participant, including both regulated and competitive firms as well as financial traders, on the basis of their market activity.

load-serving entities repay these securitized bonds through “uplift charges” assessed by ERCOT in the future.<sup>69</sup>

We conservatively estimate that customers could end up paying these uplift charges, even though they are assessed by ERCOT to LSEs—and, as seen above, the competitive market does not ensure a competitive firm’s recovery of any cost, including this one.<sup>70</sup> A typical residential customer could pay an extra 51 cents per month for the next 30 years as a result of the ERCOT securitization.<sup>71</sup> For competitive supplier customers, this still pales in comparison to the estimated \$4,711 the same customer would have paid had they been directly exposed to the Uri related wholesale price. Under HB 4492, nearly all competitive retailers are required to participate in the securitization, while utility-monopolies have a choice to opt-out—and raise their own rates to cover those costs as well as the many others they experienced.

### *Cost Per Residential Customer*

Lastly, we estimated the average cost incurred because of Winter Storm Uri by each residential customer that had energy choice in Texas and compared this figure to the average cost a utility-monopoly customer incurred.

To estimate the average cost incurred by Texas choice residential customers, we first used EIA monthly price data to estimate the total dollar increase paid by Texas residential choice customers in February 2021 over what they paid February 2020. While Winter Storm Uri may not have accounted for this entire increase, it likely accounted for most of it, and so the exercise served as a conservative benchmark. We then divided this number (approximately \$91 million) by the 6,451,123 residential customers with retail choice in Texas to derive an average cost per customer of \$14.13. We then added a conservative estimate of costs these customers may pay due to the Texas legislature’s intervention in HB 4492. We estimate the total impact of HB 4492 on residential customers at approximately \$818 million or \$71.95 per residential customer. Adding both numbers, the total Winter Storm Uri cost impact per Texas residential choice customer is \$86.09.

While the regulated utility numbers are known with relative certainty, this estimate of the average cost incurred by Texas choice residential customers is likely an overestimation because assumptions of cost pass-throughs reflect the extraordinary exposure of a small number of Griddy customers, most of whom have not had to pay their bills because of that firm’s bankruptcy

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<sup>69</sup> <https://capitol.texas.gov/reports/report.aspx?LegSess=87R&ID=author&Code=A2515>

<sup>70</sup> Unlike the ERCOT administrative fee, which LSEs have the opportunity to pass through directly from ERCOT on a cents-per-kWh basis, the PUCT has ruled that the uplift charge from HB 4492 is charged directly to the LSE based on its daily load ratio share, making any possible translation to and recovery from consumers inexact.

<sup>71</sup> Estimate assumes an interest rate on the debt at 2.5% annually, 2020 ERCOT annual kWh load, and a typical residential customer consuming an average of 1,409 kWh per month.



resolution. While the costs of HB 4492 could be higher or lower depending both on the number of opt-outs from ERCOT securitization, this figure does provide a conservative and reliable benchmark to compare the cost impacts on competitive supply customers.

Meanwhile, estimates of costs incurred by utility-monopoly residential customers were derived using similar data to that used to compile **Table 8** presented and discussed previously in this document. When the expected cost per residential customer for a specified utility-monopoly was provided as part of a Winter Storm Uri related regulatory filing, that figure was used. Figures not provided in regulatory filings were derived by estimating the percentage of the total recovery requested by each utility to be paid by residential customers and then dividing that figure by the number of residential customers in each utility. For state and commodity weighted averages, the total cost borne by residential customers per state and commodity was divided by the total number of residential customers.<sup>72</sup> Separate estimates were derived for power and gas. As previously illustrated in the executive summary, residential customers taking service from competitive suppliers were much better insulated from Winter Storm Uri costs than monopoly-utility customers were.

*Table 14: Average Uri Costs Incurred per Residential Customer*

Entity Type	Average Impact of Winter Storm Uri per Residential Customer
Power Competitive Suppliers - Texas	\$86
Power Utility Monopolies - Texas	\$373
Gas Utility Monopolies - Texas	\$450
Power Utility-Monopolies - All Uri Impacted States	\$326
Gas Utility-Monopolies - All Uri Impacted States	\$381

## V. Conclusions

The lessons from Winter Storm Uri are clear. Competitive markets protected consumers while utility-monopoly markets protected utility-monopolies and their shareholders at the expense of consumers. Further, the power and natural gas price spikes caused by Winter Storm Uri were the result of a disruption in the physical supply of natural gas and power and not due to the existence

<sup>72</sup> Data sources provided in the Appendix section.

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of competitive retail energy markets, which are only found in three out of the fifteen states impacted by the storm.

Because the utility-monopoly paradigm is structured so that utility-monopolies pass through energy costs directly to the consumer while at the same time allowing them to lobby state commissions to recover financial losses on behalf of their shareholders, utilities had little incentive to implement safeguards to protect against an event like Winter Storm Uri. Competitive suppliers, on the other hand, provided an array of options for customers including price protection which shielded customers from high wholesale prices during Uri.

Finally, even in cases where utility-monopolies provided "fixed" prices to their customers, they still requested that their state commission allow them to recover Winter Storm Uri related financial losses from these same customers. Conversely, the competitive market prevented competitive energy suppliers from increasing rates to their customers during, immediately after, or even months after the storm.



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## Appendix

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**BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA**

APPLICATION OF OKLAHOMA NATURAL GAS )  
COMPANY, A DIVISION OF ONE GAS, INC., FOR )  
A FINANCING ORDER APPROVING )  
SECURITIZATION OF COSTS ARISING FROM )  
THE FEBRUARY 2021 WINTER WEATHER )  
EVENT PURSUANT TO THE "FEBRUARY 2021 )  
REGULATED UTILITY CONSUMER )  
PROTECTION ACT" )

CAUSE NO. PUD 202100079

**CORRECTED EXHIBIT CMS-3**



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**ATTORNEYS FOR OKLAHOMA  
NATURAL GAS COMPANY**



EXHIBIT CMS-3 Recovery Periods and Customer Rates  
ATTACHMENT JRM-2-3

Tariff	Tariff Description	Allocation % - Based on February 2021 Usage	Recovery Period		15 Years		20 Years		25 Years		30 Years			
			Bond Rating	Bond Financing Rate	A	AAA	A	AAA	A	AAA	A	AAA	A	AAA
			Traditional Financing Rate (Current WACC)	Net Present Value Savings (in Millions)	2.29%	1.84%	2.61%	2.14%	2.84%	2.35%	3.00%	2.51%	3.00%	2.51%
Total Extraordinary Costs (See Table CMS-1 of Slaughter Testimony)			\$1,371,369,996		\$538.0	\$575.2	\$601.5	\$628.9	\$647.5	\$679.5	\$692.7	\$740.4		
Customer Count			210,696											
Tariff 101 & 101V Rate Choice A	Residential Option A less than 50 Dth	13.54%	\$6.32	\$6.25	\$5.59	\$5.38	\$5.59	\$5.38	\$5.02	\$4.81	\$4.66	\$4.29		
Tariff 101 & 101V Rate Choice B	Residential Option B Greater than 50 Dth	63.99%	\$10.57	\$10.45	\$9.35	\$9.00	\$9.35	\$9.00	\$8.40	\$8.04	\$7.80	\$7.18		
Tariff 102 & 102V	Residential Low Income	1.13%	\$7.88	\$7.79	\$6.97	\$6.71	\$6.97	\$6.71	\$6.26	\$5.99	\$5.81	\$5.35		
Tariff 200SCI & 200SCIV	Small Commercial & Industrial	6.30%	\$13.30	\$13.14	\$11.76	\$11.32	\$11.76	\$11.32	\$10.56	\$10.11	\$9.81	\$9.33		
Tariff 200LCI	Large Commercial & Industrial	14.61%	\$54.25	\$53.62	\$47.97	\$46.19	\$47.97	\$46.19	\$43.11	\$41.26	\$40.04	\$36.85		
Tariff 291S	Sales 5,000 - 29,999 Dth	0.37%	\$637.99	\$630.53	\$564.12	\$543.22	\$564.12	\$543.22	\$506.96	\$485.16	\$470.86	\$433.29		
Tariff 601S	Wholesale (Municipals)	0.01%	\$653.51	\$659.08	\$577.85	\$556.43	\$577.85	\$556.43	\$519.29	\$496.97	\$482.31	\$443.83		
Tariff 705	CNG	0.05%	\$487.51	\$481.80	\$431.06	\$415.09	\$431.06	\$415.09	\$387.38	\$370.73	\$359.80	\$331.09		

Tariff	Tariff Description	Allocation % - Based on February 2021 Usage	Recovery Period		15 Years		20 Years		25 Years		30 Years	
			Bond Rating	Bond Financing Rate	A	AAA	A	AAA	A	AAA	A	AAA
			Traditional Financing Rate (Current WACC)	Net Present Value Savings (in Millions)	2.29%	1.84%	2.61%	2.14%	2.84%	2.35%	3.00%	2.51%
Total Extraordinary Costs (See Table CMS-1 of Slaughter Testimony)			\$1,371,369,996		\$538.0	\$575.2	\$601.5	\$628.9	\$647.5	\$679.5	\$692.7	\$740.4
Customer Count			210,696									
Tariff 101 & 101V Rate Choice A	Residential Option A less than 50 Dth	13.83%	\$6.46	\$6.38	\$5.71	\$5.50	\$5.71	\$5.50	\$5.13	\$4.91	\$4.77	\$4.39
Tariff 101 & 101V Rate Choice B	Residential Option B Greater than 50 Dth	64.82%	\$10.71	\$10.58	\$9.47	\$9.12	\$9.47	\$9.12	\$8.51	\$8.14	\$7.90	\$7.27
Tariff 102 & 102V	Residential Low Income	0.09%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Tariff 200SCI & 200SCIV	Small Commercial & Industrial	6.30%	\$13.30	\$13.14	\$11.76	\$11.32	\$11.76	\$11.32	\$10.56	\$10.11	\$9.81	\$9.33
Tariff 200LCI	Large Commercial & Industrial	14.61%	\$54.25	\$53.62	\$47.97	\$46.19	\$47.97	\$46.19	\$43.11	\$41.26	\$40.04	\$36.85
Tariff 291S	Sales 5,000 - 29,999 Dth	0.37%	\$637.99	\$630.53	\$564.12	\$543.22	\$564.12	\$543.22	\$506.96	\$485.16	\$470.86	\$433.29
Tariff 601S	Wholesale (Municipals)	0.01%	\$653.51	\$659.08	\$577.85	\$556.43	\$577.85	\$556.43	\$519.29	\$496.97	\$482.31	\$443.83
Tariff 705	CNG	0.05%	\$487.51	\$481.80	\$431.06	\$415.09	\$431.06	\$415.09	\$387.38	\$370.73	\$359.80	\$331.09

Tariff	Tariff Description	Customer Count	
		15 Years	25 Years
Tariff 101 & 101V Rate Choice A	Residential Option A less than 50 Dth	\$0.14	\$0.11
Tariff 101 & 101V Rate Choice B	Residential Option B Greater than 50 Dth	\$0.14	\$0.11
Total		\$0.14	\$0.11

Monthly Impact to Other Residential Customers if Low Income Excluded

KY PSC Case No. 2021-00386  
Response to Xoom's Data Request Set One No. 9  
Respondent: Judy Cooper

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO XOOM'S FIRST REQUEST FOR INFORMATION  
DATED FEBRUARY 4, 2022**

9. When a customer begins distribution service with Columbia, what information, if any, is the customer provided regarding the Choice Program and their opportunity to purchase gas from a third-party supplier?

**Response:** When a customer begins distribution service with Columbia, the customer would see information regarding the Choice program on their customer bill which includes a link to the Commission's Website where Columbia and participating CHOICE Marketers gas costs can be located for comparative pricing. In addition, Columbia's Website contains information related to its gas cost and information regarding participating CHOICE Marketers.



KY PSC Case No. 2021-00386  
Response to Xoom's Data Request Set Two No. 6  
Respondent: Judy Cooper

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO XOOM'S SECOND REQUEST FOR INFORMATION  
DATED MARCH 4, 2022**

When a non-CHOICE customer calls Columbia, are Columbia representatives required to provide information about the CHOICE program if the customer does not ask for such information?

**Response:**

No. The Columbia representative responds to questions and concerns(s) raised by the customer.

EXHIBIT TK-7

- **Block Account (from Choice Enrollment)**

"I have placed a block on your account. If in the future you decide to have your gas supplied by a marketer, you will need to call and have the block removed. Thank you for calling."

- **Remove from Marketer "Mailing Lists"**

"Mr./Ms.\_\_\_\_\_, your name has been removed from future mailing lists. If at any time you would choose to be added to the marketer "mailing lists", you will need to contact our office. If there is nothing else I can help you with ... thank you for calling."

- **Marketer Customer Service Complaint**

"Mr./Ms.\_\_\_\_\_, all marketers operate independently of Columbia Gas. If you are concerned with the behavior of one of the marketer's employees, you will need to contact that marketer directly. Thank you for calling."

*If the Customer has already attempted to contact marketer and the issue has not been resolved:*

Advise Customer:

"Mr./Ms.\_\_\_\_\_, in order for me to forward your complaint to the appropriate individual, I will need..."

- Marketers Name
- Name of Marketer Employee (if possible)
- Date and time of call (if possible)

- **Questioning Rates**

"Mr./Ms.\_\_\_\_\_, all marketers operate independently of Columbia Gas. If you are concerned about your existing gas supply cost, you will need to contact the marketer directly."

*If the Customer has already attempted to contact marketer:*

1. Advise Customer:

"Mr./Ms.\_\_\_\_\_, in order for me to forward your complaint to the appropriate individual, I will need..."

- Marketers Name
- Name of Marketer Employee (if possible)
- Date and time of call (if possible)

- **Questioning Start or End Date**

Review DICM or DITH to determine if we have received information from supplier. Advise customer as follows, appropriate to situation.

▶ Information Received from Marketer:

1. Advise Customer:

"Mr./Ms.\_\_\_\_\_, I show we have received the information from your marketer. Generally changes to a customer's account with marketers can take up to two billing cycles to take effect...Thank you for calling."

EXHIBIT TK-7

Information NOT Received from Marketer:

1. Advise Customer:

"Mr./Ms. \_\_\_\_\_, generally changes to a customer's account with marketers can take up to two billing cycles to take effect. If you feel that changes should already have occurred, you should contact your marketer directly...Thank you for calling."

- **Status of File Complaints**

**Concern still pending:**

"Mr./Ms. \_\_\_\_\_, our records show we submitted your concern on \_\_\_\_\_. The concern is still pending. I will have someone contact you as soon as the marketer's response is received. Thank you for calling."

**Concern closed:**

"Mr./Ms. \_\_\_\_\_, our records show we submitted your concern on \_\_\_\_\_. I show that we (or the marketer) tried to contact you on \_\_\_\_\_ to advise you \_\_\_\_\_ (summarize resolution of complaint). Thank you for calling."

- **Unauthorized Enrollment**

"Mr./Ms. \_\_\_\_\_, all marketers operate independently of Columbia Gas. If you have been enrolled without your consent, you will need to contact that marketer directly. Thank you for calling."

**Directions**

***If the Customer has already attempted to contact marketer and issue has not been resolved:***

1. Advise Customer:

"Mr./Ms. \_\_\_\_\_, in order for me to forward your complaint to the appropriate individual, I will need..."

- Marketers Name
- Name of Marketer Employee (if possible)
- Date and time of call (if possible)

- **If Customer is Requesting Cancellation:**

- **Advise Customer:**

- "Mr./Ms. \_\_\_\_\_, in order to cancel your contract (and/or switch to a different marketer), you would need to contact your marketer directly. You should be aware that there may be penalty fees for canceling the contract early...Thank you for calling."

**EXHIBIT TK-7**

- **Customer wants price difference**

**"Mr./Ms. \_\_\_\_\_, I am showing that for the month of \_\_\_\_\_ you saved (did not save) \$ \_\_\_\_\_ by purchasing your gas through the marketer ... In the future you can obtain this information through the Automated Telephone System. If there is nothing else I can help you with, thank you for calling."**

- **NonChoice Customer**

**"CHOICE is a voluntary program that allows you to choose who will supply the natural gas to your home or business. Columbia Gas, as your supplier, buys gas on your behalf and sells it to you at the same price. If you choose to have a gas marketer purchase your gas for you, they may be able to supply you with gas at a lower cost than Columbia.**

**If you would like more information, I can send you a letter and a list of marketers. Information is also available on our web site...Thank you for calling."**



Dear Customer:

Thank you for your interest in the Customer CHOICE<sup>SM</sup> Program. As you know, the program allows you the opportunity to purchase your natural gas from a third-party supplier, or marketer, and potentially save money on your monthly bill. The marketers currently approved to participate in the program are:

**Constellation Energy Gas Choice**  
1221 Lamar St, Ste 750  
House TX 77010  
1-800-785-4373

**US Gas & Electric, Inc**  
1303 US Highway 127 South  
Frankfort KY 40601  
888-919-5943

**IGS Energy**  
6100 Emerald Pkwy  
Dublin OH 43016  
877-444-7427  
www.IGSEnergy.com

**Vista Energy**  
3200 Southwest Freeway, Ste 2240  
Houston TX 77027  
888-508-4782

**Kentucky United Energy**  
750 E Main St  
Frankfort KY 40601  
1-877-735-7304

**Volunteer Energy Services, Inc**  
790 Windmill Dr  
Pickerington OH 43147  
800-977-8374

**Novac Energy Solutions, Inc**  
10313 Lomond Dr  
Manassas VA 20109  
703-392-1767

**XOOM Energy Kentucky, LLC**  
11208 Statesville Rd, Ste 200  
Huntersville NC 28078  
888-997-8979

**Stand Energy**  
1071 Celestial St, Ste 110  
Cincinnati OH 45202  
1-800-598-2046

As a Columbia Gas of Kentucky customer, you may be contacted by these marketers, or you may choose to contact the marketers yourself to discuss their pricing options\*. Remember, the Customer CHOICE Program is voluntary and the decision to participate is yours.

If you have further questions about the Columbia Gas of Kentucky Customer CHOICE Program, please call us at 800-866-4GAS or visit our Web site at [www.columbiagas.com](http://www.columbiagas.com).

EXHIBIT TK-7

Thank you again for your interest in the Customer CHOICE Program.

Sincerely,

Columbia Gas of Kentucky

**\* Due to the current volatility of the wholesale natural gas market, some marketers may not currently have a rate available.**

Columbia Gas of Kentucky Homepage:

The screenshot shows the Columbia Gas of Kentucky homepage. At the top, there is a yellow banner with a warning icon and the text: "Our phone system is undergoing maintenance. Some features may be unavailable. To report an emergency, call 1-800-432-9515 or 911." Below the banner is the website's navigation menu, which includes "SERVICES", "SAFETY", "BILLS AND PAYMENTS", "ENERGY EFFICIENCY", and "HELP". A "Sign In / Register" button is located in the top right corner. The main content area features a "My Account Sign In" section with a "Welcome" message and a sign-in form. The form includes fields for "Email" and "Password", both with "Forgot" links, and a "Remember my email" checkbox. A "Sign In" button is positioned below the form. To the right of the sign-in form is a large image of a man and a child looking at a document together. A "Pay My Bill" dropdown menu is open over the image, listing "Payment Options", "Billing Programs", "Financial Support", and "Understanding Your Bill". A "Chat with us" button is located in the bottom right corner of the image. At the bottom of the page, there is a URL: "https://www.columbiagas.com/bills-and-payments".



## Billing Programs – Columbia Gas of Kentucky (part 1 of 2)

The screenshot shows a web browser window with the URL [columbiagas.com/bills-and-payments/billing-programs](http://columbiagas.com/bills-and-payments/billing-programs). The page features the Columbia Gas of Kentucky logo and a navigation menu with links for SERVICES, SAFETY, BILLS AND PAYMENTS, ENERGY EFFICIENCY, and HELP. A 'Sign In / Register' button is also present. The main content area is titled 'BILLING PROGRAMS' and includes a sub-header 'Manage your bills'. Below this, there is a paragraph about online bill management and a 'Customer Choice' button. A 'Go Paperless' section highlights the benefits of digital billing, accompanied by an image of a family. A 'BILLS AND PAYMENTS' sidebar menu lists options like 'Pay My Bill', 'Payment Options', 'Billing Programs', 'Customer Choice', 'Delivery Service', 'Paperless Billing', 'Financial Support', and 'Understanding Your Bill'. A 'Chat with us' button is located in the bottom right corner.

**BILLING PROGRAMS**

### Manage your bills

Take control of your account with our billing programs. Get an email when your bill is ready to be viewed online, sign up to receive the same bill amount each month or learn more about Customer Choice.

#### Go Paperless

Save time, paper and money with Paperless Billing. Get an email each month when your bill is ready and view it from any computer or mobile device.

**BILLS AND PAYMENTS**

- Pay My Bill
- Payment Options
- Billing Programs
- Customer Choice
- Delivery Service
- Paperless Billing
- Financial Support
- Understanding Your Bill

Chat with us

## Billing Programs – Columbia Gas of Kentucky (part 2 of 2)

The screenshot displays the Columbia Gas of Kentucky website. At the top, the navigation menu includes: "Our Company", "Partner with Us", "Emergency Contact", "ENERGY EFFICIENCY", "BILLS AND PAYMENTS", "SAFETY", "SERVICES", and "HELP". A "Sign In / Register" button is located in the top right corner. The main content area features two program highlights:

- Get on our Budget Plan**: This program allows you to pay about the same amount each month, and we calculate that number based on usage, weather and projected costs. A button labeled "Sign In to Enroll Today" is positioned below the text.
- Make your Choice**: The Customer Choice program offers you the option to purchase the natural gas you use from a certified supplier. A button labeled "Find a Supplier" is positioned below the text.

At the bottom of the page, there is a large grey box with the text "Delivery Service" and a "Chat with us" button in the bottom right corner.

## Customer Choice – Columbia Gas of Kentucky

Customer Choice - Columbia Gas of Kentucky | [columbiagas.com/bills-and-payments/billing-programs/choice](https://columbiagas.com/bills-and-payments/billing-programs/choice)

**Our phone system is undergoing maintenance.**  
Some features may be unavailable. To report an emergency, call 1-800-432-9515 or 911.

Select Language

Sign In / Register

Our Company Partner with Us [Emergency Contact](#)

**SERVICES** **SAFETY** **BILLS AND PAYMENTS** **ENERGY EFFICIENCY** **HELP**



# Make your Choice

The Customer Choice program offers you the option to purchase the natural gas you use from a supplier other than Columbia Gas. If you choose to purchase your gas from a different supplier, we will continue to deliver the same reliable service, read your meter, perform safety checks and respond to emergencies.

The prices charged by suppliers are set by a competitive market, meaning there is no guarantee that you'll save money, but they may offer special pricing and incentives. If you'd like to enroll, shop around and make your Choice.

## How to enroll

1. Review our list of current suppliers below.
2. Evaluate the offer and compare prices. The [Kentucky Public Service Commission's](#)

**BILLS AND PAYMENTS**

- Pay My Bill
- Payment Options
- Billing Programs
- Customer Choice
- Delivery Service
- Paperless Billing
- Financial Support
- Understanding Your Bill

Chat with us

KY PSC Case No. 2020-00386  
Response to Staff's Data Request Set One No. 3  
Respondent: Judy Cooper

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION  
DATED NOVEMBER 3, 2021**

3. Provide an overview of Columbia Kentucky's CHOICE program education efforts since Case No. 2017-00115.

**Response:**

Columbia has added the following features to provide education about the Customer CHOICE program since the 2017 case.

1.) Information about the CHOICE program and gas cost comparison information is available on Columbia's website, accessible here: <https://www.columbiagasky.com/bills-and-payments/billing-programs/choice>. A CHOICE Calculator, located on Columbia's website, was developed to educate and assist customers in determining potential gas cost savings. The below screenshots were taken from this website:



CUSTOMER CHOICE

## Make your Choice

The Customer Choice program offers you the option to purchase the natural gas you use from a supplier other than Columbia Gas. If you choose to purchase your gas from a different supplier, we will continue to deliver the same reliable service, read your meter, perform safety checks and respond to emergencies.

The prices charged by suppliers are set by a competitive market, meaning there is no guarantee that you'll save money, but they may offer special pricing and incentives. If you'd like to enroll, shop around and make your Choice.

### How to enroll

1. Review our list of current suppliers below.
2. Evaluate the offer and compare prices. The [Kentucky Public Service Commission's](#) website lists full current approved suppliers and eligibility.
3. Suppliers offer different risks and rewards. Our Choice calculator can help you perform a price comparison for gas supply costs.
4. Consider the contract terms. Since many suppliers require you to agree to contract terms, you'll want to know contract length and if you can cancel.
5. Make your Choice by contacting the supplier. If you choose not to participate, your supplier will not change and there is no change in your bill.

**BILLS AND PAYMENTS**

- Payment Options
- Billing Programs
  - Customer Choice
  - Delivery Service
  - Paperless Billing
- Financial Support
- Understanding Your Bill

Are you a supplier?  
 Find more information for natural gas suppliers or those interested in becoming suppliers within our service territory.



## Find your current charges

The Detail Charges section of your bill shows your Delivery and Supply Charges. The example on the right shows the Detail Charges section of a bill for a customer who participates in Choice. The Supply is provided by Marketer A and the Delivery is provided by Columbia Gas of Kentucky. Use our calculator below to compare offers from suppliers and make an educated decision.

Detail Charges	
Customer Charge	\$16.00
Gas Delivery Charge	\$16.42
<b>Delivery - Columbia Gas of Kentucky</b>	<b>+\$32.42</b>
Customer CHOICE Program	
Gas Supply Cost 5 Mcf at \$6.59000 per Mcf	\$32.95
<b>Supply - Marketer A</b>	<b>+\$32.95</b>
Safety Modification and Replacement Program Rider	\$5.46
Energy Assistance Program Surcharge	\$0.30
Energy Efficiency and Conservation Rider	\$0.46
Research & Development Factor	\$0.06
Lex-Fay, Urban Govt. Franchise Fee	\$2.98
School Tax	\$2.15
<b>Taxes &amp; Fees</b>	<b>+\$11.41</b>
<b>Total Current Utility Charges</b>	<b>+\$76.78</b>

**Customer CHOICE Program**  
 You have chosen Marketer A as your supplier in Columbia's CHOICE Program. For questions about your gas supply charges, please contact Marketer A at 1-800-123-4567.

### Calculate your potential savings

This calculator helps you compare your current bill and a potential bill from Choice suppliers. Our calculation is based on our current gas rates. Note: If you see a negative amount in the estimated savings box, you will not see a savings in gas supply costs based on current rates.

**Choice Calculator**

Cost per Mcf

<b>CURRENT PRICE</b>	<b>SUPPLIER PRICE</b>
\$ 5.4029	\$ 0.0000

You save \$5.4029 per Mcf

ESTIMATED SAVINGS

\$0

per month

How many Mcf you use

0 Mcfs

**Current suppliers**

<b>Constellation NewEnergy Gas Division, LLC</b> 1-800-785-4373	<b>IGS Energy</b> 877-4IGSGAS (1-877-444-7427)	<b>Kentucky United Energy</b> 1-877-735-7304
<b>Novac Energy Solutions Inc.</b> 1-888-627-SAVE (7283)	<b>Stand Energy Corporation</b> 1-800-598-2046	<b>US Gas &amp; Electric, Inc. DBA Kentucky Gas &amp; Electric</b> 1-888-919-5943
<b>Vista Energy</b> 1-888-508-4782	<b>Volunteer Energy Services, Inc.</b> 1-800-977-8374	<b>XOOM Energy Kentucky, LLC</b> 1-888-997-8979

*Choice is a registered service mark of Columbia Gas of Kentucky, Inc.*

2.) Columbia customer bills include a link to the Commission’s website where Columbia and participating CHOICE Marketers gas costs can be found for comparative pricing. In addition, Columbia’s website contains information related to its gas cost and information regarding participating CHOICE Marketers. This portion of the customer bill is shown here:

## Message Board

- Enjoy the convenience of managing your account online by enrolling in Paperless Billing. Monthly email alerts, 24/7 account access and up to two years of past bills and payment history! Enroll today at **[ColumbiaGasKY.com/PaperlessBilling](http://ColumbiaGasKY.com/PaperlessBilling)**.
- Never worry about missing a payment or writing a check again by enrolling in Automatic Payment today at **[ColumbiaGasKY.com](http://ColumbiaGasKY.com)**.
- Take the seasonal highs and lows out by dividing your yearly energy use into 12 equal monthly payments - for budgeting that's a whole lot easier. Enroll today at **[ColumbiaGasKY.com/Budget](http://ColumbiaGasKY.com/Budget)**.
- Natural gas prices for participating Customer CHOICE Program suppliers can be found at **<http://psc.ky.gov/Home/ColumbiaChoice>**

*Customer Statement Date: 08/27/2020*

3.) CHOICE Program information is included with Columbia's in-bill newsletter. The newsletter is also distributed via email to those customers who have elected to provide Columbia their email information. Please see the sample below.





**Meter program resumes**

Columbia Gas has resumed maintenance and testing of natural gas meters after a brief suspension this spring as a COVID-19 precaution.

Meter testing is required by state regulations to ensure meters are operating properly and accurately recording natural gas usage. This work is performed at no cost to the customer and usually takes about 45 minutes.

This work will require access to customers' homes, and Columbia Gas is following the Centers for Disease Control and Prevention (CDC) recommendations and the Kentucky Healthy at Work reopening guidelines outlined on our website at [ColumbiaGasKy.com/COVID-19](http://ColumbiaGasKy.com/COVID-19).

Customers will be contacted by mail and email if their meter is due for maintenance or testing. It is important to schedule an appointment as soon as possible to avoid service interruptions.

To learn more about our meter change program, visit [ColumbiaGasKy.com/meter](http://ColumbiaGasKy.com/meter).





**AVAILABLE NOW**  
**BILLING**  
**PAYMENT**  
**INFORMATION**  
**TEXTED TO YOUR PHONE**

Sign into Your Account & complete the Billing and Payment Alerts Information

**Register now for the Virtual VASK**

Kentucky veterans sacrificed everything to serve our country, and Columbia Gas is committed to honor and support our heroes come high water – or pandemic.

That's why we're proud to support the Veterans VASK, which will go virtual – but no less patriotic – this year. The raise has raised more than \$121,000 since 2010. Columbia Gas partners with the Lexington Department of Community Corrections to organize the event. Proceeds go to the Lexington Veterans Health Care System and the Lexington Fisher House. To register or volunteer, visit [VeteransVASK.com](http://VeteransVASK.com).

**Customer Choice Program™**

Take control of your gas bill by choosing your natural gas supplier. It's your Choice.

Go to [ColumbiaGasKY.com/Choice](http://ColumbiaGasKY.com/Choice) for more information.

Natural gas prices for participating Customer CHOICE Program suppliers can be found at [Psc.KY.gov/Home/ColumbiaChoice](http://Psc.KY.gov/Home/ColumbiaChoice).

EXHIBIT TK-10

KY PSC Case No. 2021-00386  
Staff 2-06  
Attachment A

Get our latest updates

Know Your Home: 5 ways to keep it safe | [View in browser](#)



**Knowing your home is the first step to keeping  
it safe**

**EXHIBIT TK-10**


The better you know your home, the easier it is to take proactive steps to keep it safe.

**There are 5 simple ways you can keep your home safe each day:**

1. Install carbon monoxide detectors on every level of your home
2. Don't do it yourself - Hire a qualified professional to install your natural gas lines and appliances
3. Have your natural gas lines and appliances inspected regularly by a qualified professional
4. Know what to do when you smell natural gas
5. Call 811 to have your underground utility lines marked before any type of digging project

**Get to know your home better**

Visit [ColumbiaGasKY.com/KnowYourHome](https://ColumbiaGasKY.com/KnowYourHome) to learn more about the safety risks in each area of your home - and how to reduce them.

**Reduce Risks at Home**A smartphone is shown vertically, displaying a notification icon of a blue bell with sound waves. The phone's status bar at the top shows the time as 6:00 PM and various icons for signal, Wi-Fi, and battery. The bottom of the screen shows a text input field with the placeholder 'Aa' and a send icon.

**AVAILABLE NOW**

**BILLING**  
AND  
**PAYMENT**  
**INFORMATION**

**TEXTED TO YOUR PHONE**



## EXHIBIT TK-10

## Sign up for Billing and Payment Alerts

Get the information you need when you need it most.

Use your online account to sign up for email or text alerts for your billing and payment activity including:

- 3 days before your bill is due
- When you make a payment
- If your account is past due or in danger of shut off

**Sign Up**



## Register now for the Virtual VA5K

Kentucky veterans sacrificed everything to serve our country, and Columbia Gas is committed to honor and support our heroes come high water - or pandemic. That's why we're proud to support the Veterans VA5K, which will go virtual - but no less patriotic - this year.

EXHIBIT TK-10

Register Today



## Customer Choice Program<sup>SM</sup>

Take control of your gas bill by choosing your natural gas supplier. It's your CHOICE. Natural gas prices for participating Customer CHOICE

Program suppliers can be found at  
[PSC.KY.Gov/Home/ColumbiaChoice](https://psc.ky.gov/Home/ColumbiaChoice).

Learn About CHOICE



**EXHIBIT TK-10**

Please do not respond to this email. The content of this message is for your information only. This email was sent on behalf of Columbia Gas of Kentucky. You are receiving it as you have provided this email address to the company. If you would no longer like to receive these messages, you can change your preferences or unsubscribe.

[Email Subscriptions](#)

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2001 Mercer Road, Lexington, KY 40511  
[Terms of Use](#)



Account Number: [REDACTED]  
Statement Date: 01/31/2022  
892  
Page 1 of 2

### Contact Us

**Phone**  
**Emergency Service 24/7**  
1-800-432-9515  
For gas leaks or odors of gas

Customer Call Center Hours  
1-800-432-9345  
7 a.m. - 7 p.m. Mon. - Fri.

For hearing-impaired relay call 711.

**Web**  
Make payments and access your account at [ColumbiaGasKY.com](http://ColumbiaGasKY.com)

**Mail Payments**  
Columbia Gas of Kentucky  
PO BOX 4660  
Carol Stream IL 60197-4660

**Authorized Payment Locations**  
Find locations online at [ColumbiaGasKY.com](http://ColumbiaGasKY.com)

### Account Profile

**Customer Name:** [REDACTED]    **Your Contact Information:** [REDACTED]    **Type of Customer:** Residential  
Customer CHOICE Program  
Budget Payment Plan

**Account Number:** [REDACTED]

- Is your contact information correct? Make all changes on the reverse side.

### Budget Payment Plan

Previous Amount Due on 01/13/2022	\$91.00
Payments Received by 01/21/2022 Thank you	-\$91.00
Balance on 01/28/2022	\$0.00
Budget Amount This Period	+\$91.00
<b>Current Charges Due by 02/11/2022</b>	<b>\$91.00</b>

- If paid after 02/11/22, a late payment charge of 5% may be applied to your utility balance.
- There are 3 months remaining in the Budget Year, which ends in April, 2022.

We're passing the benefits of Tax Reform to you. Visit <https://www.ColumbiaGasKY.com/tax-savings> for more information.

### Your Safety

In case of an emergency, such as odor of gas, carbon monoxide or fire:

1. Leave the area immediately.
2. Leave windows and doors in their positions and avoid doing anything that could cause a spark.
3. From a safe area, call **911** and Columbia Gas at **1-800-432-9515**.

**Always Call 8-1-1 Before You Dig**  
If you're planning a home or landscaping project, call Kentucky 811 at 8-1-1 at least two business days before digging. A representative will mark the approximate location of underground utility lines for free.



**Employee Identification**  
All of our employees and contractors carry photo identification. If someone claims to represent us, ask to see identification. Call the police if you see suspicious activity.

### Message Board

- We've made it easier for you to sign up for paperless billing! Enjoy the convenience of managing your account online! You will receive monthly email alerts, have 24/7 account access and up to two years of past bills and payment history. Sign up at [GoPaperFreeToday.com](http://GoPaperFreeToday.com)!
- Never worry about missing a payment or writing a check again by enrolling in Automatic Payment today at [ColumbiaGasKY.com](http://ColumbiaGasKY.com).
- Natural gas prices for participating Customer CHOICE Program suppliers can be found at <http://psc.ky.gov/Home/ColumbiaChoice>.

### Actual Account Summary

Beginning Balance	\$67.67
Payments Received	-\$91.00
Current Utility Charges	+\$155.52
<b>Actual Account Balance</b>	<b>\$132.19</b>

- Your Actual Account Balance reflects the actual amount you owe based on your billed usage and payments as of the date of this bill.
- For more information regarding these charges, see the Detail Charges section.

▼ Please fold on the perforation below, detach and return with your payment.

[REDACTED]

P.O. Box 14241  
Lexington, KY 40512-4241

Columbia Gas of Kentucky  
A NiSource Company

**Web**  
[ColumbiaGasKY.com](http://ColumbiaGasKY.com)

**Phone**  
1-800-432-9515

Account Number: [REDACTED]  
**Amount Due by 02/11/2022: \$91.00**

**Amount Enclosed:** \$ [REDACTED]

00000892 1 AV 0.426  
\*\*\*\*AUTO\*\*5-DIGIT 40391  
[REDACTED]

**Make check payable to:**  
COLUMBIA GAS  
PO BOX 4660  
CAROL STREAM IL 60197-4660





## Helpful Definitions

**Customer Charge** covers a portion of the fixed costs required to ensure that natural gas service is available to your home. This amount is the same with each bill.

**Estimated Readings** are calculated based on your typical monthly usage rather than on an actual meter reading.

**Gas Delivery Charges** are the costs of delivering the gas to retail customers. The charges for these services are regulated and these services must be purchased from Columbia Gas.

**Mcf** is equal to 1,000 cubic feet and is used to measure your gas usage.

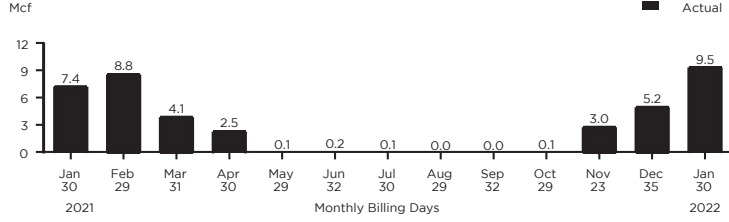
## Legal Information

**Rate Schedule**  
 Information about rate schedules is available upon request or at ColumbiaGasKY.com.

**Bankruptcy Notices**  
 Mail to Columbia Gas of Kentucky, Revenue Recovery, PO Box 117, Columbus, OH 43216.

**Other Correspondence (except payments)**  
 Mail to Columbia Gas of Kentucky, P.O. Box 2318, Columbus, OH 43216-2318 or contact us at ColumbiaGasKY.com.

## 13 Month Usage History



<b>Meter Number:</b> [REDACTED]	<b>Usage Comparison - Mcf</b>			
<b>Service Address:</b> [REDACTED]	Month	Mcf	Avg Temp	Mcf Per Day
	Jan 21	7.4	34.5°	0.2
	Dec 21	5.2	44.7°	0.1
	<b>Jan 22</b>	<b>9.5</b>	<b>31.4°</b>	<b>0.3</b>
<b>Meter Readings - 30 Billing Days</b>	Your Average Monthly Usage = 2.8 Mcf.			
Actual Reading on 1/28	Your Total Annual Usage = 33.6 Mcf.			
Actual Reading on 12/29	Your next meter reading date is 02/28/2022.			
<b>Gas Used (Mcf)</b>	<b>9.5</b>			

## Detail Charges

Customer Charge	\$19.75
Gas Delivery Charge	\$45.24
<b>Delivery - Columbia Gas of Kentucky</b>	<b>+\$64.99</b>
Customer CHOICE Program	
Gas Supply Cost 9.5 Mcf at \$8.49000 per Mcf	\$80.66
Actual Gas Cost Adjustment 9.5 Mcf at \$0.48500 per Mcf	\$4.61
<b>Supply - [REDACTED]</b>	<b>+\$85.27</b>
Safety Modification and Replacement Program Rider	\$0.00
Energy Assistance Program Surcharge	\$0.30
Energy Efficiency and Conservation Rider	\$0.29
Research & Development Factor	\$0.14
School Tax	\$4.53
<b>Taxes &amp; Fees</b>	<b>+\$5.26</b>
<b>Total Current Utility Charges</b>	<b>\$155.52</b>

**Customer CHOICE Program**  
 You have chosen [REDACTED] as your supplier in Columbia's CHOICE Program. For questions about your gas supply charges, please contact [REDACTED].

**IMPORTANT NOTICE**  
 Effective January 2, 2022, Columbia Gas of Kentucky will implement several changes to its monthly bills resulting from the Company's recent rate case and in compliance with the Order issued by the Public Service Commission on December 28, 2021. The changes include a Monthly Customer Charge of \$19.75 for residential accounts and \$83.71 for commercial accounts. The volumetric delivery charge for residential customers will increase to \$5.2528 per Mcf of natural gas consumed. The Safety Modification and Replacement Program line item will reset to \$0.00.

## Change Contact Information

By providing Columbia Gas a telephone number, it enables us to call you about your utility service, future service appointments and other important information pertaining to your account and you're agreeing to receive autodialed and prerecorded voice calls. Please notify us if you wish to opt out or if you no longer use this number. Thank you in advance.

Address

City

State  Zip Code

Phone Number

Add or Edit Email

## WinterCare Contribution

WinterCare, Columbia Gas of Kentucky's fuel fund program, is a fund of last resort for households who have exhausted all other sources of assistance and still have trouble paying their heating bills. The fund is administered by The Community Action Council and is supported through donations from customers and matching contributions from Columbia Gas.

\* Your donation is tax-deductible.

Monthly Contribution      One-Time Contribution

\$10    \$5    \$1

     \$

\$

KY PSC Case No. 2021-00386  
Response to Xoom's Data Request Set One No. 5  
Respondent: Judy Cooper

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO XOOM'S FIRST REQUEST FOR INFORMATION  
DATED FEBRUARY 4, 2022**

5. Please confirm that new customers are required to take service from Columbia for the first month before enrolling with a supplier.

**Response:**

The statement presented is accurate.

KY PSC Case No. 2021-00386  
Response to Xoom's Data Request Set Two No. 3  
Respondent: Judy Cooper

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO XOOM'S SECOND REQUEST FOR INFORMATION**  
**DATED MARCH 4, 2022**

If a customer who is taking commodity service from a CHOICE supplier moves from one premise to another within Columbia's service territory, must that customer return to taking service with Columbia before resuming service with a supplier? If so, how long must the customer take service with Columbia before being allowed to switch to a supplier?

**Response:**

A customer who requests that service be (1) changed from one address to another or (2) connected at another location will receive gas supply service from Columbia. Customers can provide the Supplier with the new address and account number. Customer enrollments submitted on or before the 15th calendar day of the month are assigned to the CHOICE Supplier effective with bills rendered on and after the next month's normal meter reading date unless rejected based upon program parameters. For example, customers submitted on or before March 15 would be billed at the CHOICE Supplier's rates beginning with the billing month of April. Customers submitted after the 15th

calendar day of the month commence service from the CHOICE Supplier effective with bills rendered on and after the second succeeding month's normal meter reading date.

KY PSC Case No. 2021-00386  
Response to Xoom's Data Request Set One No. 7  
Respondent: Judy Cooper

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO XOOM'S FIRST REQUEST FOR INFORMATION  
DATED FEBRUARY 4, 2022**

7. How many days before the end of the month must a supplier submit an enrollment for it to be effective on the first day of the following month? For how long has this rule been in effect?

**Response:**

In order for enrollments to be effective on the first day of the month, an enrollment must be submitted by the 15<sup>th</sup> day of the previous month. This has been in effect since the inception of this program.

KY PSC Case No. 2021-00386  
Response to Xoom's Data Request Set One No. 8  
Respondent: Judy Cooper

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO XOOM'S FIRST REQUEST FOR INFORMATION  
DATED FEBRUARY 4, 2022**

8. Does Columbia require customers to provide suppliers with their utility account number or other information unique to their service with Columbia in order to enroll their account with a supplier? If so:

a. What information does Columbia require to process an enrollment?

b. Does Columbia track the number of enrollments that cannot be completed due to the inability of a customer to locate their account number? If yes, please provide the number of enrollments that have not been completed due to this issue since January 2019.

**Response:**

a. Columbia requires a customer to provide their utility account number to the supplier for enrollment.

b. Columbia does not track this information.

EXHIBIT TK-16

KY PSC Case No. 2021-00385  
 Xoom 1.04  
 Attachment A

	January		February		March		April		May		June		July		August		September		October		November		December	
	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial
a. Number of distribution customers eligible in Choice Program	123,130	14,393	123,125	14,399	123,029	14,389	122,894	14,389	122,032	14,225	121,436	14,155	120,943	14,076	120,909	14,058	121,622	14,093	123,007	14,303	123,344	14,342	123,344	14,342
b. Number of customers taking service with a Supplier in the Choice Program	17,734	3,144	17,628	3,125	17,537	3,099	17,430	3,086	17,314	3,070	17,219	3,044	17,145	3,030	16,998	2,999	16,879	2,981	16,789	2,973	16,719	2,945	16,719	2,945
c. Percentage of customers taking service with a supplier in the Choice Program	14%	22%	14%	22%	14%	22%	14%	22%	14%	22%	14%	21%	14%	21%	14%	21%	14%	21%	14%	21%	14%	21%	14%	21%
d. Number of suppliers actively serving customers	21%	9	20%	9	20%	9	21%	9	21%	9	20%	9	20%	9	20%	9	20%	9	21%	9	20%	9	20%	9

	January		February		March		April		May		June		July		August		September		October		November		December	
	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial
a. Number of distribution customers eligible in Choice Program	123,478	14,381	123,542	14,388	123,527	14,345	123,618	14,317	123,723	14,301	123,692	14,274	123,659	14,198	123,760	14,175	123,978	14,210	124,280	14,282	124,598	14,385	124,598	14,385
b. Number of customers taking service with a Supplier in the Choice Program	16,634	2,912	16,528	2,895	16,622	2,883	16,666	2,874	16,679	2,866	16,386	2,853	16,288	2,846	16,052	2,824	15,949	2,814	15,994	2,804	15,552	2,786	15,552	2,786
c. Percentage of customers taking service with a supplier in the Choice Program	13%	20%	13%	20%	13%	20%	13%	20%	13%	20%	13%	20%	13%	20%	13%	20%	13%	20%	13%	20%	13%	20%	13%	20%
d. Number of suppliers actively serving customers	9	20%	9	19%	9	19%	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	9

	January		February		March		April		May		June		July		August		September		October		November		December	
	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial
a. Number of distribution customers eligible in Choice Program	124,753	14,387	124,853	14,410	124,477	14,339	124,941	14,325	125,873	14,238	125,520	14,189	125,844	14,137	125,864	14,076	125,978	14,080	126,095	14,259	126,421	14,344	126,421	14,344
b. Number of customers taking service with a Supplier in the Choice Program	15,433	2,771	15,344	2,760	15,250	2,753	15,140	2,733	15,042	2,714	14,922	2,700	14,807	2,672	14,690	2,655	14,603	2,639	14,372	2,625	14,267	2,615	14,267	2,615
c. Percentage of customers taking service with a supplier in the Choice Program	12%	19%	12%	19%	12%	19%	12%	19%	12%	19%	12%	19%	12%	19%	12%	19%	12%	19%	12%	18%	18%	12%	18%	
d. Number of suppliers actively serving customers	18%	9	18%	9	18%	9	19%	9	19%	9	20%	9	20%	9	21%	9	21%	9	19%	9	18%	9	18%	