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July 28, 2010

Docket Clerk  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

RECEIVED

JUL 29 2010

PUBLIC SERVICE  
COMMISSION

In the Matter of: AN INVESTIGATION OF NATURAL GAS RETAIL  
COMPETITION PROGRAMS, Case No. 2010-0146

Dear Docket Clerk:

Enclosed please find for filing the original and ten (10) copies of the *Response of AARP to First Request For Information of Interstate Gas Supply, Inc, Southstar Energy Services, LLC., and Vectren Source.*

All parties of record have been served.

Thanks in advance for your assistance in filing these!

Cordially,

A handwritten signature in cursive script, appearing to read "fitz", is written over the typed name.

Tom FitzGerald  
Director  
Counsel for ARRP

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

**In the Matter of:**

**AN INVESTIGATION OF NATURAL GAS  
RETAIL COMPETITION PROGRAMS**

)  
)  
) **CASE NO. 2010-00146**  
)

**RESPONSE OF AARP TO FIRST REQUEST FOR INFORMATION OF INTERSTATE  
GAS SUPPLY, INC., SOUTHSTAR ENERGY SERVICES, LLC AND VECTREN  
SOURCE**

**RECEIVED**

JUL 29 2010

PUBLIC SERVICE  
COMMISSION

July 28, 2010

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION


In the Matter of:

AN INVESTIGATION OF NATURAL GAS  
RETAIL COMPETITION PROGRAMS

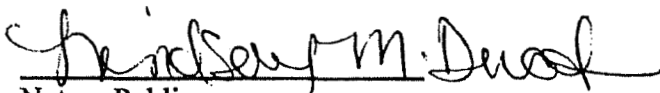
)  
)  
) CASE NO. 2010-00146  
)

AFFIDAVIT

I hereby affirm that the foregoing document titled responses of Nancy Brockway to information requests in the Matter of An Investigation of Natural Gas Retail Competition Programs, Case No. 2010-00146, is true and accurate to the best of my information and belief.

  
Nancy Brockway

Subscribed and sworn to before me, a notary public in the State of Indiana  
by Nancy Brockway, this 24<sup>th</sup> day of July, 2010.

  
Notary Public



LINDSAY M. DVORAK, Notary Public  
A Resident of St. Joseph County, IN  
My Commission Expires Jan. 13, 2018

My commission expires \_\_\_\_\_

**REQUEST FOR INFORMATION NO. 1**

In preparing your testimony, with whom did you discuss the issues of retail competition?

**RESPONSE NO. 1:**

In preparing my testimony, I discussed issues of retail competition with my client and my clients' attorney. I corresponded via email with consumer advocates and experts in a variety of states.

**REQUEST FOR INFORMATION NO. 2**

Please provide copies of all work papers, documents or data used to prepare your testimony.

**RESPONSE NO. 2:**

The following documents were used to prepare my testimony:

- a. Letter from KY PSC, June 15, 2010, to PARTIES OF RECORD, Re: Case No. 2010-00146, AN INVESTIGATION OF NATURAL GAS RETAIL COMPETITION PROGRAMS, enclosing electronic mail responses to questions sent by NARUC Gas Subcommittee, which have been filed in the record of the above-referenced proceeding.
- b. Letter from KY PSC, June 17, 2010, Re: Case No. 2010-00146, AN INVESTIGATION OF NATURAL GAS RETAIL COMPETITION PROGRAMS, containing response from the Illinois Commerce Commission to NARUC survey questions. The Illinois response has now been filed in the record of the above-referenced proceeding. June 17, 2010.
- c. Illinois ICC Annual Reports on the Development of Natural Gas Markets in Illinois.
- d. Citizens Utility Board Gas Market Monitor, available at <http://www.citizensutilityboard.org/GasMarketMonitor.php>, last viewed June 18, 2010.
- e. Peoples Gas website.
- f. PUCO Apples to Apples Natural Gas Rate Comparison Chart, Duke Energy Ohio Publication Date: June 16, 2010 and PUCO Apples to Apples Interactive Rate Comparison Chart, PUCO website, <http://www.puco.ohio.gov/puco/applestoapples/index.cfm>.
- g. Petition of Columbia Gas of Pennsylvania, Inc. for Approval to Voluntarily Implement: a Modified Purchase of Receivables Program: Docket No. P-2009-2099333  
REBUTTAL TESTIMONY OF BARBARA R. ALEXANDER ON BEHALF OF THE  
OFFICE OF CONSUMER ADVOCATE, available via search for docket number at p. 2.  
<http://www.puc.state.pa.us/general/search.aspx>.
- h. Office of Consumer Advocate, Colonial Gas Shopping Guides, January 2008, January 2009, January 2010, at [http://www.oca.state.pa.us/Industry/Natural\\_Gas/gascomp/GasGuides.htm](http://www.oca.state.pa.us/Industry/Natural_Gas/gascomp/GasGuides.htm).
- i. Audit of Five Major Kentucky Gas Local Distribution Companies, 2002, Liberty Consulting Group [primarily Section IA and IB]. Available on PSC website, following natural gas/audit links. <http://psc.ky.gov/Home/Utilities>.

- j. New York Retail Access Migration Report, December 2008, January 2009, January 2010. Available via [http://www.dps.state.ny.us/Electric-Gas\\_RA\\_Migration.html](http://www.dps.state.ny.us/Electric-Gas_RA_Migration.html).
- k. Kentucky PSC, Natural Gas Unbundling in Kentucky: Exploring the Next Step Toward Customer Choice, July 1997. Available online.
- l. Pennsylvania OCA, Pennsylvania Natural Gas Switching Statistics, April 2002 through April 2010, [http://www.oca.state.pa.us/Industry/Natural\\_Gas/gasstats/GasStats.htm](http://www.oca.state.pa.us/Industry/Natural_Gas/gasstats/GasStats.htm).
- m. Ken Costello, Competitiveness of the Georgia Deregulated Gas Market, NRRI, January 2002. Available through NRRI website, home page matrix/gas/publications.
- n. Columbia Gas of Kentucky, Annual Report on the Customer CHOICE<sup>™</sup> program, June 1, 2009. [www.psc.state.ky.us/pscscf/.../2008.../20090601\\_Columbia\\_Gas\\_Report.PDF](http://www.psc.state.ky.us/pscscf/.../2008.../20090601_Columbia_Gas_Report.PDF).
- o. New York Public Service Commission, Complaint Statistics, 2009. Available via [www.dps.state.ny.us/ocs\\_stats.html](http://www.dps.state.ny.us/ocs_stats.html).
- p. Illinois Commerce Commission, website, "Understanding Your Natural Gas Bill," price comparison worksheets, AGS Consumer Complaint Summary, and selected links, available at <http://www.icc.illinois.gov/ags/consumereducation.aspx#s6>.
- q. [http://www.pulp.tc/html/ecpa2002\\_hefpa.html](http://www.pulp.tc/html/ecpa2002_hefpa.html), *Value of ESCO Service Questioned, ESCO Advertises 9.75% Tax Savings on Delivery Service, and ESCOs Cost More -- A Familiar Experience*.
- r. *ESCO Claims Locking in its 28% Higher Rate is "Smart" and "Practical"* PULP utility bill estimator, <http://pulpster.brinkster.net/home.aspx>
- s. *Some Feel Scammed by Gas Contracts*, Columbus Dispatch, March 15, 2009.
- t. *NYS and Energy: a Case Study*
- u. Ken Costello, A Regulatory Approach for Oversight and Evaluation of Gas Supply Plans and Utility Performance, NRRI, May 2008, [Draft]. Completed report available on NRRI website.
- v. US DOE, *U.S. Natural Gas Residential Price (Dollars per Thousand Cubic Feet)*, available at [http://www.eia.gov/energyexplained/index.cfm?page=natural\\_gas\\_home#tab2](http://www.eia.gov/energyexplained/index.cfm?page=natural_gas_home#tab2)
- w. US DOE, *U.S. Natural Gas Residential Consumption (MMcf)*, available at [http://www.eia.gov/energyexplained/index.cfm?page=natural\\_gas\\_home#tab2](http://www.eia.gov/energyexplained/index.cfm?page=natural_gas_home#tab2)

**REQUEST FOR INFORMATION NO. 3**

Please refer to p. 9 line 5 in your testimony where you are questioned, "[i]s there reason to believe that all deregulated suppliers will respect customers and deal fairly with them?" and your answer was "[n]o...based on experience with electricity and gas deregulation in other states..."

Please provide what evidence and documents you have to support this statement.

**RESPONSE NO. 3**

In addition to the materials provided in response to question 2, above, I relied on my experience as General Counsel of the Massachusetts Department of Public Utilities, as Commissioner of the New Hampshire Public Utility Commission, as consumer advocate with National Consumer Law Center, and as a utility expert following developments in the natural gas industry and energy deregulation generally. It would not be possible to amass and provide the hundreds of documents that I have reviewed in the course of this experience.

**REQUEST FOR INFORMATION NO. 4**

Please refer to p. 4 line 21 of your testimony, where you mention volumetric costs. Please clarify your concerns. Are you referring to general unbundling and are you advocating that the appropriate costs are tied to the appropriate user?

a. Alternatively, are you suggesting that migrated customers should continue to pay the costs and services that they do not receive after they migrate?

**RESPONSE NO. 4**

The former.



**REQUEST FOR INFORMATION NO. 5**

Please refer to your example of "unfair dealing in the regulated natural gas supply market" beginning on p. 9 line 12 of your testimony. Other than your citation to a newspaper article please provide whatever evidence or documents you had in your possession at the time of including this matter in your testimony to support your allegation of unfair dealing in the deregulated natural gas market?

**RESPONSE NO. 5**

Please see the answers to questions 2 and 3, above.

**REQUEST FOR INFORMATION NO. 6**

You refer to a "doctor's" editorial blog to support your allegation of suppliers giving prospective customers inaccurate or misleading information (See pgs. 7-9 of your testimony beginning on line 20 of p. 7). Please provide what evidence, documentation or information you possessed at the time of publishing this individual's statement to support this individual's contentions were in fact accurate?

- a. Likewise, please provide what information you possessed at the time that supported the authenticity of the blog's author, including his alleged credentials?
- b. Lastly, is it true that the drafter of the blog also refers to himself as an "environmental activist"?

**RESPONSE NO. 6**

NYS and Energy: a Case Study, at <http://www.empirepage.com/2009/1/9/nys-and-energy-a-case-study>

- a. See above.
- b. Yes.

**REQUEST FOR INFORMATION NO. 7**

Please refer p. 5 lines 17-23 of your testimony where you describe Marketers have followed the "well-trodden path of hard-sell door-to-door solicitations, teaser rates for short periods, hard to read contracts, hidden fees, lengthy required contracts, penalties for early cancellation, ..."

Please provide all documents, studies and work papers in your possession in formulating these allegations.

**RESPONSE NO. 7**

Please see the answers to questions 2 and 3, above.

**REQUEST FOR INFORMATION NO. 8**

Please refer to p. 13, line 4, of your testimony and also Exhibit NB-3, where you discuss the alleged complicated nature in comparing marketer offers on an "apples to apples" comparison.

Please address whether the PUCO website (Ohio Comparison), which you mentioned, currently or at this time articulates some market offers which consist of contract terms of 12 months or less and low or no cancellation fees?

a. Additionally, is it true that the PUCO website (Ohio Comparison), which you mentioned, provides a weekly snapshot of the various products in the market, and provides a tool to determine the price associated with the products?

b. Lastly, please provide whatever data, documents or studies you possess to support your allegation that these comparison websites (e.g. Ohio or New York) are difficult to use (see p. 13 line 10).

**RESPONSE NO. 8**

Yes.

a. I do not know what "weekly snapshot" you are referring to. There is a tool to determine the price associated with products, by distribution utility.

b. No documents or studies were required to determine that the comparison websites are difficult to use.

**REQUEST FOR INFORMATION NO. 9**

Please refer to p. 15 line 16 of your testimony where you indicate, "[a]s we have seen, there is evidence that customer service suffers under gas deregulation. Please provide all documents, work papers and studies in our possession in formulating this allegation.

a. Additionally, did you review any evidence from the existing Columbia of Kentucky CHOICE program in formulating this allegation, and if so, please provide copies of whatever documents you reviewed?

**RESPONSE NO. 9**

See the answers to questions 1 - 3 above.

**REQUEST FOR INFORMATION NO. 10**

Please refer to p. 16 line 15 of your testimony, and Exhibit NB-4 where you discuss the study performed by the Illinois Citizens Utility Board (CUB). Please address whether you independently verified the data used to compile this study?

- a. Please submit whether you are familiar with the methodology used to create the CUB study, and if so, please explain the methodology used to formulate the CUB study?
- b. Please clarify whether you contend that 92% of the "shopping" customers in Illinois lost money based upon the CUB study (see p. 17 lines 10-11)?

**RESPONSE NO. 10**

No.

- a. CUB compared each rate plan to the monthly natural gas default price offered by the three utilities with choice. If a customer choosing the competitors' rate plans would pay more for gas than had the customer remained on the default rate, the plan is counted in the loss column.
- b. No. According to CUB, 92% of the price plans studied lost money.

**REQUEST FOR INFORMATION NO. 11**

In several instances in your testimony, you make reference to economic theory (e.g. p. 20, line 9; p. 20, lines 1-7). Please submit whether you are an economist.

a. Likewise, please provide copies of any peer reviewed publications you have published in the field of economics.

**RESPONSE NO. 11**

If and to the extent that having published any peer-reviewed publications in the field of economics is the definition of whether I am an economist, I am not, for I have not.

## CERTIFICATE OF SERVICE

I certify that an original and ten (10) copies of the Response of AARP to First Request For Information Of Interstate Gas Supply, Inc., Southstar Energy Services, LLC and Vectren Source were transmitted for filing by priority mail to the Docket Clerk, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601 and that a true and accurate copy of the foregoing was mailed via first class U.S. Mail, postage prepaid, this 28th day of July, 2010, to the following:

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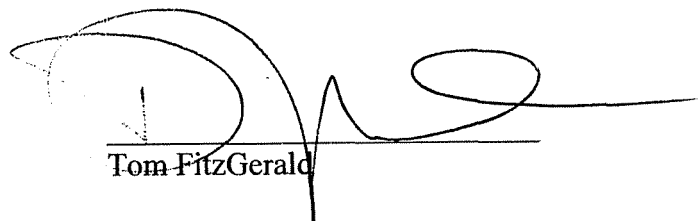
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