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JUL 29 2010

**PUBLIC SERVICE  
COMMISSION**

JACK B. BATES

IRIS G. SKIDMORE

**Via Hand-Delivery**

July 29, 2010

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

**Re: In the Matter of: An Investigation of Natural Gas Retail Competition Programs**  
Case No. 2010-00146

Dear Mr. Derouen:

Enclosed for filing in the above styled action is an original and ten copies of the Response of the Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc. to the First Information Request of Interstate Gas Supply, Inc., Southstar Energy Services, LLC, and Vectren Source.

Sincerely,



Iris G. Skidmore

Enclosure

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JUL 29 2010

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

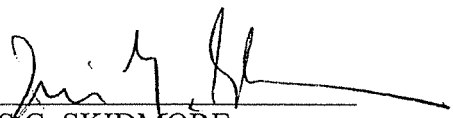
In the Matter of:

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

**RESPONSE OF COMMUNITY ACTION COUNCIL FOR LEXINGTON-FAYETTE,  
BOURBON, HARRISON, AND NICHOLAS COUNTIES, INC. TO FIRST  
INFORMATION REQUEST OF INTERSTATE GAS SUPPLY, INC.,  
SOUTHSTAR ENERGY SERVICES, LLC, AND VECTREN SOURCE**

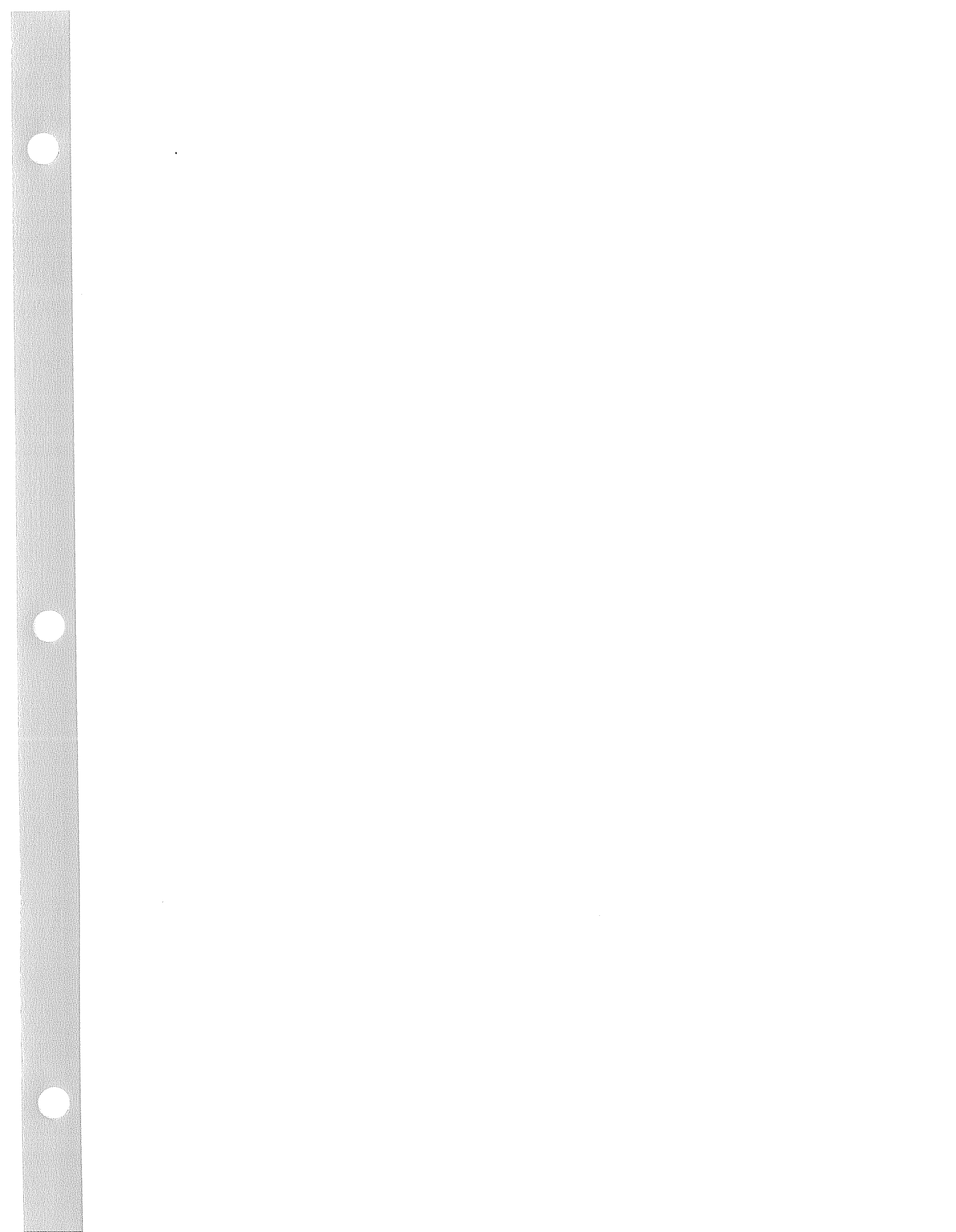
\* \* \* \* \*

Comes now the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. (CAC), by counsel, and hereby submits its Response to the First Information Request of Interstate Gas Supply, Inc., Southstar Energy Services, LLC, and Vectren Source:



IRIS G. SKIDMORE  
Bates and Skidmore  
415 W. Main St., Suite 2  
Frankfort, KY 40601  
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COUNSEL FOR CAC

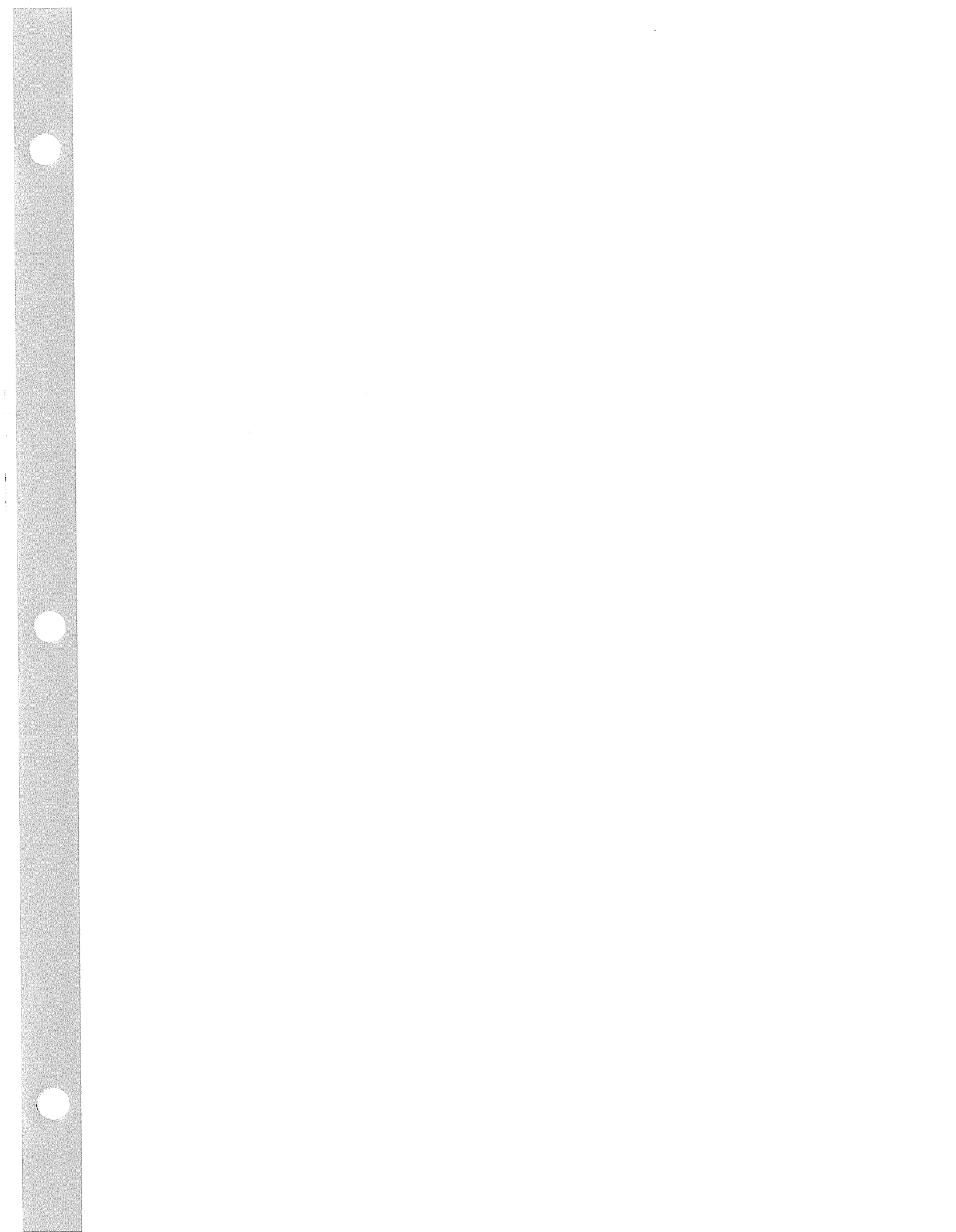


**DATA REQUEST 1:**

In preparing your testimony, please identify with whom you discussed the issue of retail competition?

**RESPONSE:** Mr. Burch consulted with Charles Lanter, Manager, Program Development, Community Action Council; Judy Dennis, Manager, Participant Support Services, Community Action Council; John Benjamin, Budget Manager, Community Action Council.

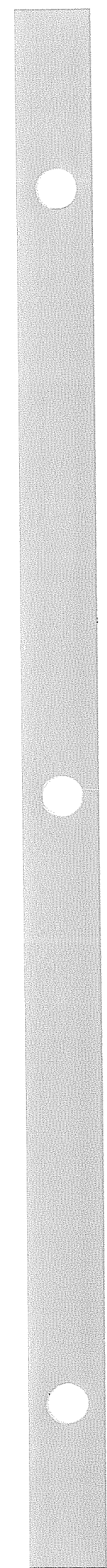
Charles Lanter, Manager, Program Development, Community Action Council, provides research and technical support for the Council's energy policy advocacy. Mr. Lanter, in addition to those named above, consulted with a team of Community Action Council front-line staff members and middle managers who work regularly with the Council's energy program participants.



**DATA REQUEST 2:**

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

**RESPONSE:** The Council did not use any documents which have not already been filed in this case.



### **DATA REQUEST 3:**

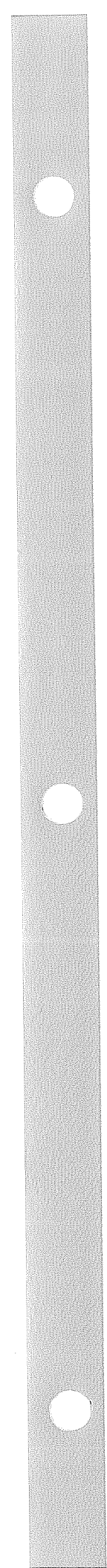
Please refer to p. 2 line 24 and p. 3 lines 1-2 of your testimony where you indicate that, “through conversations with Council staff members who work with customers in the Columbia Gas service area, I have learned that many customers are confused by retail gas marketing terms and conditions and often feel misled or unfairly treated by marketers.” Please provide any documents which you possess which support this allegation.

**RESPONSE:** There are no documents. To provide context to the testimony: Community Action Council operates nine (9) neighborhood and community centers within the Columbia Gas of Kentucky distribution area. There are approximately 30 frontline staff persons (Family Service Workers and Family Development Specialists) who interact with Columbia Gas of Kentucky customers. Community Action Council is by far the largest source of energy assistance to Columbia Gas of Kentucky’s low-income customers. During the 2009-2010 heating season, the Council assisted 2,052 Columbia Gas of Kentucky customers with bill payment assistance. Additionally, Community Action Council operates Columbia Gas of Kentucky’s Energy Assistance Program which provides ongoing subsidies to low-income customers of the company. The program serves 850 customers and has more than 700 on the waiting list.

In my testimony I stated “in conversations with Council staff.” When senior managers interact with frontline staff, we ask them to identify community needs and issues that they are hearing about from participants in the Council’s programs. When multiple staff members regularly identify a community or household level issue, the Council’s managers consider it a matter that deserves the Council’s attention. It was in that context that my testimony refers to reports of customers being “confused” and “feeling misled or unfairly treated.”

The Council’s MIS and database of program services does not currently include a module to enter, record and retrieve complaints of this nature. Community Action Council will consider developing such a module as part of its energy assistance programming provided funding is available for software development.



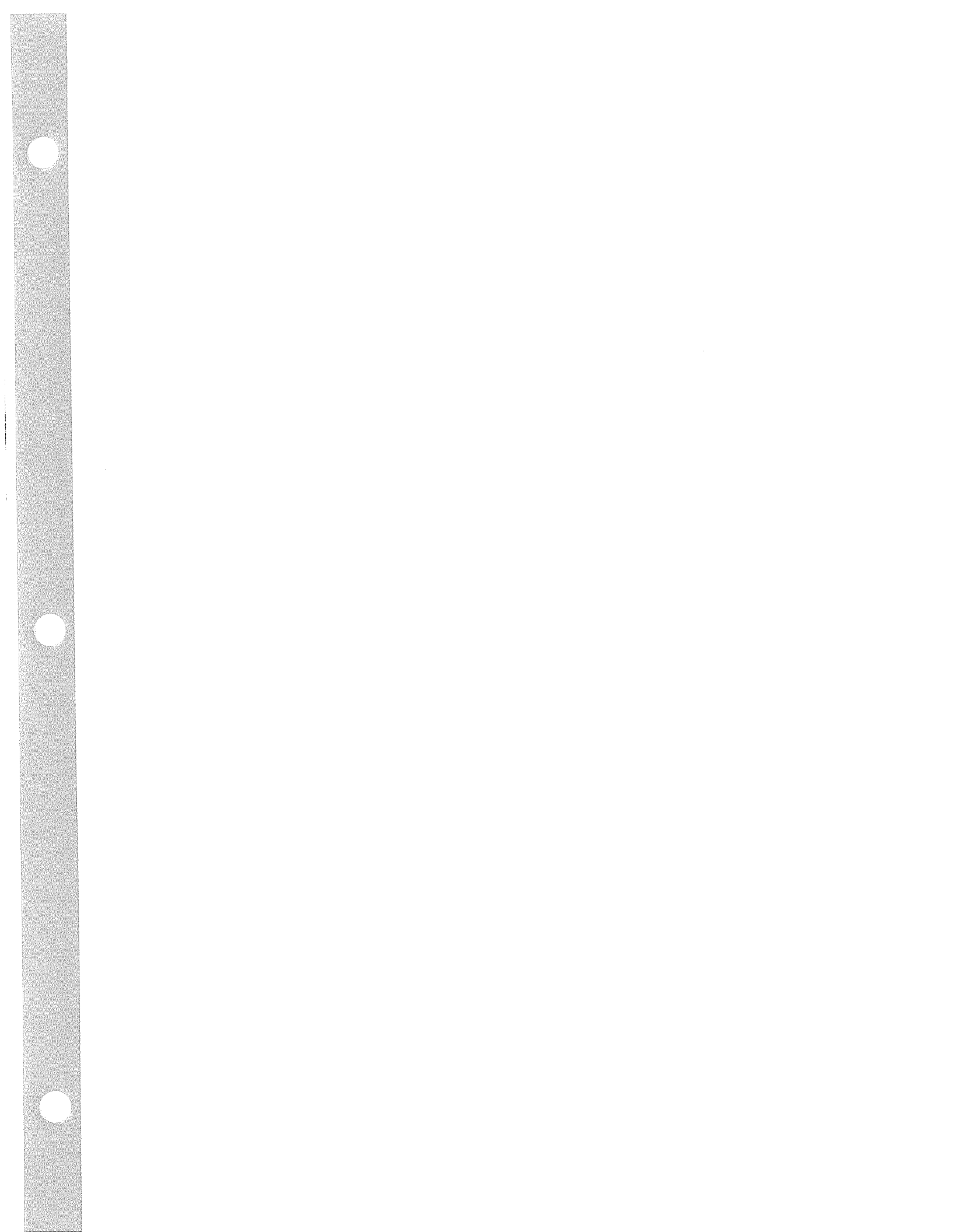


**DATA REQUEST 4:**

Please refer to p. 6 line 1 of your testimony where you discuss, the CAC's experience in the field of natural gas marketing. Please provide any and all documents, contracts, complaints, solicitations and offers in your possession associated with the CAC or Community Action Council Buyer's Club, Inc.

**RESPONSE:** CAC objects to this question. The records of Community Action Council Buyers Club, Inc. are in off-site storage. They are voluminous. To respond to this request would be extremely burdensome and costly. The Council is willing to provide supervised access to the Buyers Club records at the storage site for the cost of the salary and fringe of the supervising employee plus all associated costs, e.g., indirect cost, employee mileage.

It should be noted that identifying information for individual households would be protected and redacted from any copies prior to their release.

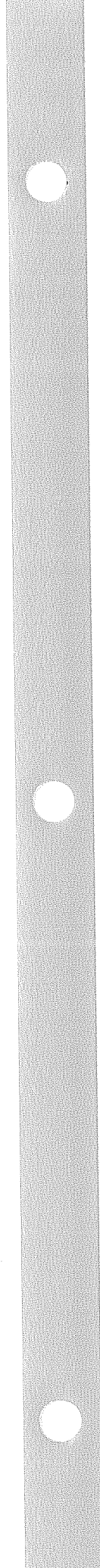


**DATA REQUEST 5:**

Please refer to p. 6 line 1 of your testimony where you discuss, the CAC's experience in the field of natural gas marketing. Please list the names and contact information of any key employees involved in the Community Action Council Buyer's Club, Inc.

**RESPONSE:** The Buyers Club has been closed for some time and many of the involved employees are no longer with the Council, therefore making their contact information unavailable. Those employees currently employed at the Council who were involved with the Buyers Club included:

- Jack Burch, Executive Director, (859) 233-4600, jack.burch@commaction.org
- John Benjamin, Budget Manager, (859) 233-4600, john.benjamin@commaction.org
- Judy Dennis, Manager, Participant Support Services, (859) 233-4600, judy.dennis@commaction.org



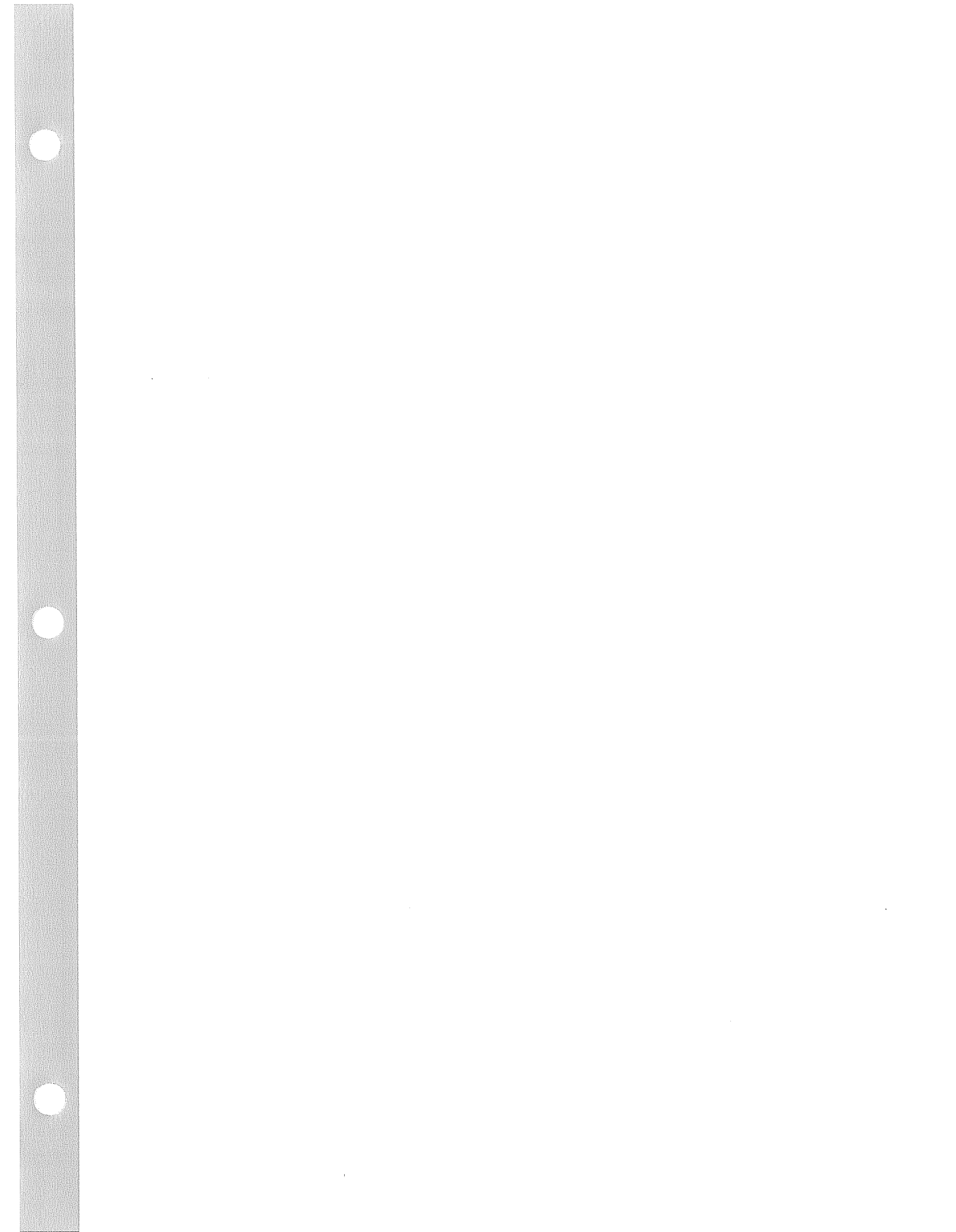
**DATA REQUEST 6:**

Please refer to p. 6 line 1 of your testimony where you discuss, the CAC's experience in the field of natural gas marketing. Please list the source of funding for the Community Action Council Buyer's Club, Inc. for the previous purchase of natural gas on behalf of users of the organization.

- a. Additionally please provide information and documentation regarding the typical purchases of natural gas supply used to support the Community Action Council Buyer's Club, Inc.

**RESPONSE:** The source of funding was a line of credit issued to the Buyers Club by National City Bank.

For a response to 6. a., please refer to the response to question 4. This would require a burdensome and costly on-site records search and duplication of the requested records.



## **DATA REQUEST 7:**

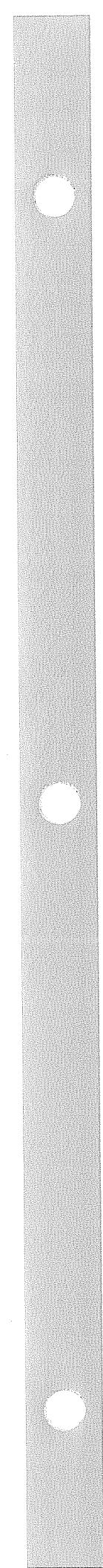
Please refer to page 8, line 10 of your testimony where you indicate, “[m]arketers should be prohibited from signing customers up by telephone unless there is a requirement that, subsequent to any telephone solicitation and customers verbal consent, the marketer must mail written confirmation to the customs with a provision for the customer to confirm his/her consent in writing by return mail.” Are you aware of the current recorded telephone verification procedures for migrating customers in the Columbia CHOICE program? If so, please describe the telephone verification process.

- a. Likewise, are you aware that the telephone verification process is recorded and maintained and after a customer migrates by telephone a written copy of the terms and conditions and a welcome letter are forwarded to the customer?
- b. Please identify with specificity what you find objectionable to the recorded telephone verification process for migrating customers.

**RESPONSE:** The Council is aware of the current “recorded telephone verification procedures.” It unsuccessfully opposed those procedures at the time they were proposed. The Council’s concerns in this regard are the reason for the proposal at page 8, lines 10-13.

The Council would remind the companies that the average literacy level for persons with income at or below the Federal Poverty Guidelines is 6<sup>th</sup> grade. It is our experience that low-income persons are often uncertain and confused by communications of this nature. The Council would welcome the opportunity to edit and revise all communications with low-income customers to ensure they are fully aware of the information and any agreement that they are entering.





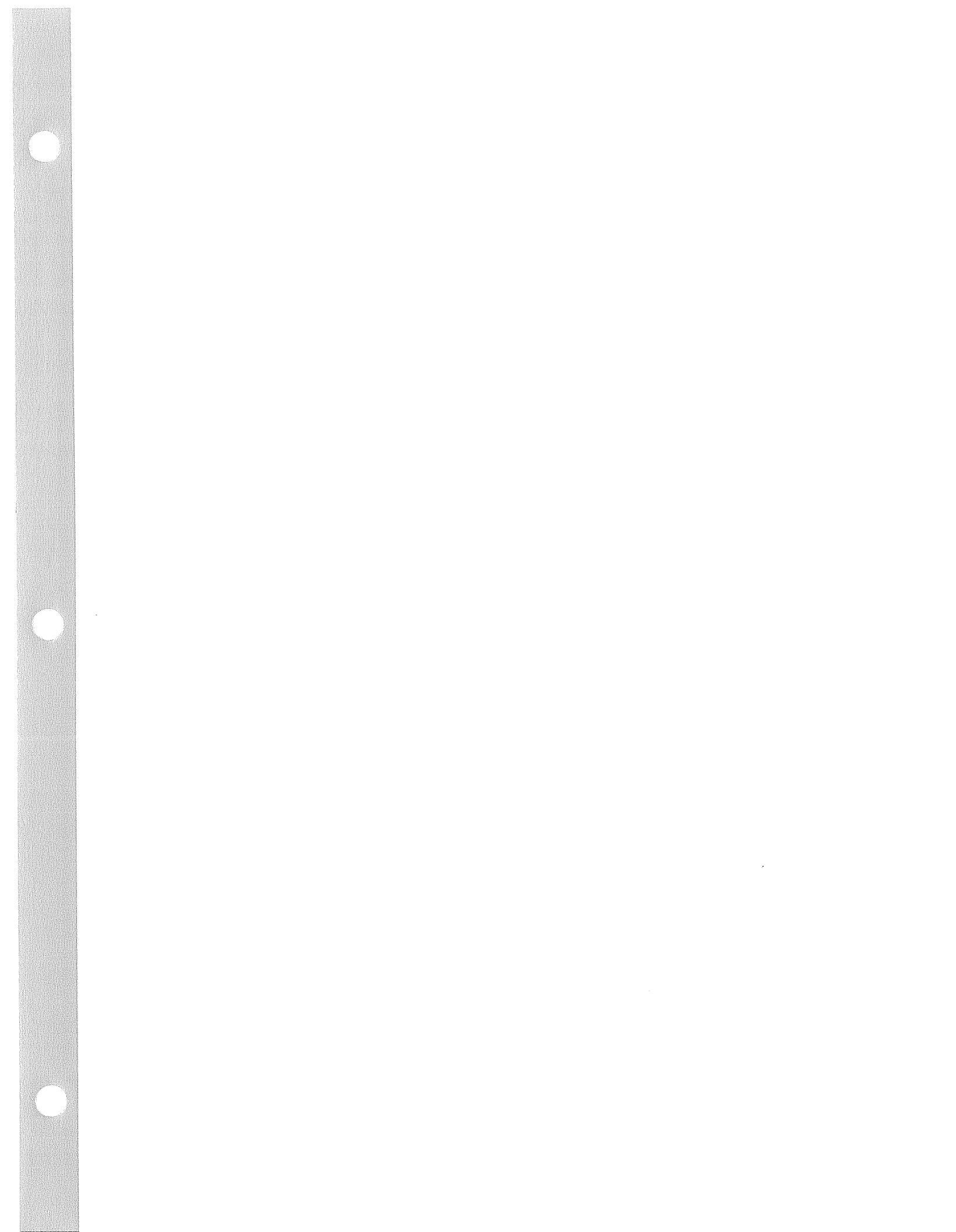
## **DATA REQUEST 8:**

Please refer to page 8, line 14, where you indicate, “[c]ustomers must give consent in writing to the utility before it may release customer’s name, account information, and contact information to the marketer.” Please identify what is sensitive or confidential with respect to existing customer lists of utilities?

- a. Likewise, do you agree that if marketers were able to decrease their marketing expenses by forwarding offers to potential existing utility customers (rather than persons that may not need natural gas) thus resulting in lower operating expenses by avoiding needless advertising that customers would likely benefit by potentially receiving lower offers from marketers?

**RESPONSE:** In signing up for natural gas service from the local distribution company (LG&E, Columbia Gas of Kentucky, etc.) customers do not expressly authorize the release of the personal information to businesses that wish to market services and goods to them. It is essential to keep in mind that if a household wishes to purchase natural gas it has no option but to obtain the service from the local natural gas distribution monopoly. It is a reasonable expectation that, barring any contractual language to the contrary, the utility will respect and protect the personal information of its customers. “[w]ritten consent” will ensure that customers are fully aware that household information will be available to independent marketers.

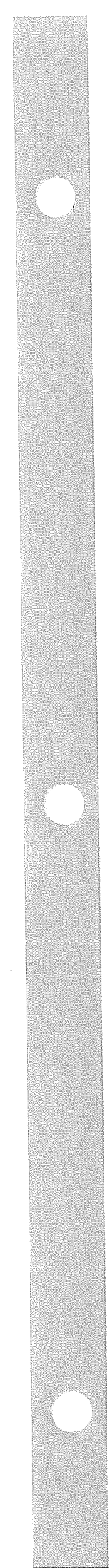
- a. We disagree that marketers are “able to decrease” marketing expenses in this way. Rather, marketers are simply taking advantage of the monopoly status of the local distribution company which itself has some marketing costs and, for various reasons, has an interest in being a respected corporate citizen through charitable giving, sponsorships and other activities. By simply utilizing the customer lists of these companies, the marketers are competing at an unfair advantage by nature of their ability to avoid such expenses.



**DATA REQUEST 9:**

As a general matter, do you believe it is appropriate for any group of natural gas customers to subsidize another group of natural gas customers? If so, please explain and provide examples.

**RESPONSE:** There is ample precedent in past Commission Orders and judicial review of those Orders to substantiate the legitimacy of utility programs to assist the most vulnerable customers with access to a commodity or service that is essential to human life, health and safety. Community Action Council believes that the Commission has thoughtfully and prudently sought to meet the needs of all customers.



**DATA REQUEST 10:**

As a general matter, do you believe that it is appropriate for natural gas customers that migrate to a competitive retail supplier to continue to pay for capacity/storage if they are not provided with access to the capacity/storage?

- a. Likewise, do you believe that it is appropriate for customers of competitive retail suppliers to pay for other costs if they do not assist in creating those costs (e.g. working capital for gas in storage or bad debt related to the commodity if there is no POR program)? With respect to both questions please explain in detail.


**RESPONSE:** If a utility cannot recover resulting stranded costs when a customer migrates to a marketer then there is a resulting rate impact which is harmful to low-income customers. The Council is confident that other parties will adequately and more thoroughly address this issue during these proceedings.

**VERIFICATION**

I have read the foregoing Responses and they are true and correct to the best of my knowledge and belief.

  
JACK E. BURCH

Subscribed and sworn to before me by Jack E. Burch on the 28 day of July, 2010

  
Notary Public  
My commission expires: 11/24/10

**CERTIFICATE OF SERVICE**

I hereby certify that on July 29, 2010, a true and accurate copy of the foregoing Response of Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc. to First Information Request of Interstate Gas Supply, Inc., Southstar Energy Services, LLC, and Vectren Source was served by United States mail, postage prepaid, to the following:

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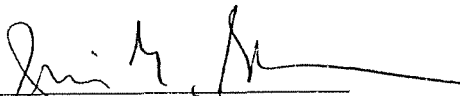
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