

**RESPONSE TO CUB'S SECOND OF DATA REQUESTS TO
RETAIL ENERGY SUPPLY ASSOCIATION**

CUB → RESA 2.11

Please indicate each AGS of which Ms. Ringenbach is aware is not currently serving Nicor Gas' service territory because their bad debt costs are too high to be profitable.

RESPONSE:

Ms. Ringenbach did not testify that there are AGS which currently do not serve Nicor Gas' service territory because their bad debt costs are too high. The point of Ms. Ringenbach's testimony is that if Nicor Gas offered a POR program, more AGS would offer service in Nicor Gas' service territory not only due to bad debt costs, but also due to lower collection costs.

The following data show that states having gas POR programs have more suppliers making offers than in Nicor Gas' service territory.

Number of Gas Suppliers Actively Serving Customers by State and Utility Territory:

Ohio

Duke Energy Ohio – 14

Columbia Gas of Ohio – 14

Dominion East Ohio – 23

Vectren Energy Delivery of Ohio – 9

<http://www.puco.ohio.gov/puco/index.cfm/apples-to-apples/>

Pennsylvania

Columbia Gas of Pennsylvania – 14

Equitable Gas – 1

National Fuel Gas – 4

PECO – 14

PPL – 5

UGI Utilities – 10

UGI Penn – 2

http://www.puc.state.pa.us/consumer_info/natural_gas/natural_gas_shopping/gas_shopping_tool.aspx

New Jersey

Elizabethtown – 42

New Jersey Natural Gas – 48

PSE&G – 56

South Jersey Gas – 42

<http://www.nj.gov/bpu/commercial/shopping.html>

New York

Central Hudson – 37

ConEd – 90

Corning – 3

KeySpan – 63

LIPA – 8

National Fuel Gas – 36

NYSEG – 41

Negara Mohawk – 57

Orange & Rockland – 46

RG&E – 41

Brooklyn Union - 58

<http://documents.dps.ny.gov/public/common/EscoSearch.aspx>

Nicor – 10

Responsible witness: Teresa Ringenbach



CUBFacts Natural Gas

The IGS 'guaranteed savings' plans

The Company: IGS Energy, www.igsenergy.com, 1-800-280-4474. IGS is an unregulated gas supplier in northern Illinois.

Who's Eligible: All Nicor Gas customers.

The Offer: IGS has offered variable-rate plans that guarantee moderate savings. These plans offer a certain discount—typically about three to five cents per therm—off the monthly price offered by the regulated utility, Nicor Gas. The latest plan offers a nickel per therm discount off Nicor Gas' advertised prices through October 2009. There are no hidden fees and there is no escape clause in the contract that would allow the company to charge more than the advertised price in the "primary term," through October 2009. After that, the offer switches to a standard variable rate that would be capped at the New York Mercantile Exchange (NYMEX) gas price, an accepted index for natural gas prices, PLUS 39 cents per therm. The company says there is no guarantee that the new IGS monthly price will be below Nicor's price.

Cancellation Fee: None. You can cancel with 30 days notice. However, it can take up to two billing cycles for the changes to take place.

CUB's Analysis: This offer, which the company began offering in January, legitimately guarantees savings to consumers, at least until October 2009. A typical customer, using about 725 therms of natural gas from February through October, would save roughly \$36 compared to Nicor Gas rates if he or she signed up for a full year under the reduced rates. Obviously, the savings get less and less for customers who sign up closer to October 2009. Still, there are several positive elements to this offer: the price in the first year is guaranteed, there's no cancellation fee, and there are no hidden fees. Just remember, there are no guaranteed savings *after* the first year. If in that second year IGS charges the maximum price (NYMEX gas price PLUS 39 cents per therm), you're likely to lose money, given that in the past there's been a close relationship

between the NYMEX and utility prices. **NOTE:** Because it can take up to two billing cycles to end service with the company, cancel the offer two months before the contract ends to avoid paying a higher rate.

Who should consider this offer? Customers attracted to the moderate first-year savings should, in the second year, be willing and able to consistently check each month how their IGS price compares to Nicor Gas' rate. Then they can decide to cancel if the IGS price begins to compare poorly with the price offered by Nicor Gas. If you're not willing or able to monitor the prices each month after the guaranteed savings of the first year, then get out of the offer before October 2009. Again, there is no cancellation fee. Remember, it could take two months to exit the plan, so if you want out notify the company two months before your contract expires.

For more information: Call CUB, at 1-800-669-5556. Also, go to CUB's "natural gas" page, at www.CitizensUtilityBoard.org. CUB's Gas Market Monitor has been tracking the performance of plans by IGS and other unregulated companies.

Free Online Tools Help You Get Facts On The Gas Market

Find these at www.CitizensUtilityBoard.org

- **Gas Market Monitor:** Tracks offers from unregulated gas companies, showing how most offers have been bad deals.
- **Customer Select/Choices for You fact sheet:** Shows the weekly prices offered by unregulated gas companies to customers in Peoples Gas, North Shore Gas and Nicor territories.
- **Natural Gas Price Checker:** Shows the monthly rates of major regulated gas utilities.