ILL. C. C. DOCKETS 16-0033/16-0034

ICEA/RESA EXHIBIT 2.2

RESPONSES OF THE CITIZENS UTILITY BOARD

ICEA/RESA DATA REQUESTS 2.02-2.-6 AND 2.09

ICEA-RESA-CUB 2.02

Referring to Mr. McDaniel's Direct Testimony at lines 97-100, please identify by dates and "neighborhoods," all instances of which Mr. McDaniel is aware, in which suppliers have "targeted neighborhoods with large number of high credit risk customers…who might be less likely to fully comprehend the marketing offers or their bill implications."

RESPONSE:

CUB objects to this request as overly broad and unduly burdensome. Notwithstanding the objections, CUB responds that the testimony suggests what suppliers could do, and does not suggest that Mr. McDaniel based the statement on documented instances of the referenced activity. Nonetheless and further answering, if the POR Supplier sells its receivables to the utility, then the POR Supplier would be less concerned about the credit-worthiness of the potential customer, and therefore more likely to target lower income areas. This suggestion is confirmed by Mr. Wright's testimony, (RESA Ex. 1.0 at 14:285-293), which states that:

> Without a POR, AGS have to focus on enrolling only the most credit-worthy individuals, which concentrates the best paying customers with AGS, leaving the more credit-challenged customers with the utility. This disadvantages the credit-challenged customers by eliminating or greatly reducing their access to the competitive market and the products only offered on the competitive market (such as fixed bill or guaranteed savings products). With POR, these concerns are greatly mitigated and credit-challenged customers gain much greater access to the competitive market.

Furthermore, Mr. McDaniel has anecdotally observed through his experience engaging with consumers as a consumer counselor for CUB and through outreach events that many consumers, including low income consumers, that contract with gas suppliers often do not fully understand the competitive gas market, including that the rate at which they signed up includes a premium and is often higher than their utility rate and likely to cost them more than the utility rate over time.

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ICEA-RESA-CUB 2.03

Referring to Mr. McDaniel's Direct Testimony at lines 97-100, please identify by dates and "neighborhoods," all instances of which Mr. McDaniel is aware, in which suppliers have "targeted neighborhoods with a high proportion of non-English speaking residents who might be less likely to fully comprehend the marketing offers or their bill implications."

RESPONSE:

CUB objects to this request as overly broad and unduly burdensome. Notwithstanding the objections, CUB responds that the testimony suggests what suppliers could do, and does not suggest that Mr. McDaniel based the statement on documented instances of the referenced activity. Nonetheless and further answering, Mr. McDaniel has anecdotally observed through his experience engaging with consumers as a consumer counselor for CUB and through outreach events that a large number of consumers with which Mr. McDaniel engages that are customers of gas suppliers not only do not fully understand either that they are signed up with a gas supplier or that the rate at which they signed up is higher than their utility rate, but also that many of these customers are either non-English speaking or English is not their first language. See attached letter from Refugee One as example of energy suppliers targeting non-English speaking residential areas.

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ICEA-RESA-CUB 2.04

Referring to Mr. McDaniel's Direct Testimony at lines 100-102, is it Mr. McDaniel's understanding that supplier salespeople are provided with "incentives to sign customers to lengthy sales contracts at maximal rates"? If so, please identify all Illinois gas suppliers which provided such incentives and provide all supporting documentation for his understanding.

RESPONSE:

CUB objects to this request as overly broad and unduly burdensome. Notwithstanding the objections, CUB responds that the testimony suggests what suppliers could do, and does not suggest that Mr. McDaniel based the statement on documented instances of the referenced activity. Nonetheless and further answering, Mr. McDaniel is of the understanding that supplier salespeople, engaged in both in person sales and telemarketing, are compensated on a commission basis, which provides a significant incentive to make a sale. Mr. McDaniel has anecdotally observed through his experience reviewing gas supply offers in Northern Illinois that many gas supply offers have been for more than one year in length and often at rates significantly above the utility rate (Purchased Gas Adjustment charge, or "PGA"). In Mr. McDaniel's opinion, the supplier salespeople are, thus, incented to sign customers to these lengthy sales contracts at maximal rates in order to get paid their commission.

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ICEA-RESA-CUB 2.05

At lines 102-105 of his Direct Testimony, Mr. McDaniel states: "Salespeople could leave the impression with potential customers who are having trouble paying their bills that they may be at less risk of disconnection or penalty, or that they will save money, if they switch to an alternative supplier". Please provide all supporting documentation for this statement.

RESPONSE:

CUB objects to this request as overly broad and unduly burdensome. Notwithstanding the objections, CUB responds that the testimony suggests what suppliers could do, and does not suggest that Mr. McDaniel based the statement on documented instances of the referenced activity. Nonetheless and further answering, Mr. McDaniel has anecdotally observed through his experience engaging with consumers as a consumer counselor for CUB and through outreach events that many consumers with which Mr. McDaniel engages that are customers of suppliers were lead to believe they would save money with the supplier or that the offer was related to a utility program that would save them money. If a low income consumer, who has trouble paying his bills, believes a marketing claim that signing up with a supplier will reduce his bills, (which would make him more able to pay his bills and thus put him at less risk of disconnection), it is axiomatic that this pitch would provide an inducement to sign up with that supplier.

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ICEA-RESA-CUB 2.06

At lines 105-107 of his Direct Testimony, Mr. McDaniel states: "POR Suppliers could intensify marketing of fixed-rate long-term supply contracts during periods of relatively high short-term market prices, thus locking in rates for its customers that may be higher than average." Please identify all Illinois gas suppliers that engaged in such intensification of marketing fixed-rate, long-term supply contracts and provide all supporting documentation.

RESPONSE:

CUB objects to this request as overly broad and unduly burdensome. Notwithstanding the objections, CUB responds that the testimony suggests what suppliers could do, and does not suggest that Mr. McDaniel based the statement on documented instances of the referenced activity. Nonetheless and further answering, Mr. McDaniel has anecdotally observed through his experience reviewing gas supply offers in Northern Illinois, as well as engaging with consumers as a consumer counselor for CUB and through outreach events, that suppliers tend to exploit a temporary increase in utility PGA rates above recent levels to insinuate that the utility rate will stay at that level or rise further in their marketing efforts, with Mr. McDaniel views as an intensification of marketing efforts.

ICEA-RESA-CUB 2.08

At lines 143-145 of his Direct Testimony, Mr. McDaniel states: "In my experience, people that are low income are more susceptible to claims of savings or 'price protection', a phrase often used in AGS marketing, and often do not realize that they are paying a premium for this so-called 'protection'." Please provide all supporting documentation for Mr. McDaniel's statement.

RESPONSE:

CUB objects to this request as overly broad and unduly burdensome. Notwithstanding the objections, CUB responds that Mr. McDaniel did not rely on documents in making the referenced statement. The testimony reflects Mr. McDaniel's anecdotal observations through his experience engaging with consumers as a consumer counselor for CUB and through outreach events, as well as reviewing gas supply offers in Northern Illinois. Mr. McDaniel has observed that, if a low income consumer, who has trouble paying his bills, believes a marketing pitch that signing up with a supplier will reduce his bills, that pitch serves as a significant inducement to sign up with that supplier. Furthermore, Mr. McDaniel has observed that low income consumers who sign contracts with suppliers often sign up because they believe they will save money, not because they understand they will pay a premium for price stability.