

1 **1. What is your name?**

2 **Answer:** My name is Mark T. Ward. My business address is Stand Energy Corporation, 1077
3 Celestial Street, Suite 110 Cincinnati, OH 45202-1629. I am Vice-President of Regulatory
4 Affairs for Stand Energy Corporation.

5 **2. What is your educational background?**

6 **Answer:** I graduated from the University of Wisconsin in 1966 with a B.S. in Civil Engineering.

7 **3. What are your current responsibilities at Stand Energy?**

8 **Answer:** My responsibilities include regulatory, operational and marketing issues relating to gas
9 transportation services to Stand Energy's industrial and commercial customers.

10 **4. Describe your relevant professional experience?**

11 **Answer:** From 1966 through 1984 and from 1986 through 1999, I was employed by Columbia
12 Gas Distribution Companies, except for four years of active duty service in the United States Air
13 Force from 1968 through 1972. From 1984 to 1986, I was the Director of Marketing for
14 Mountaineer Gas Corporation which formerly was Columbia Gas of West Virginia.
15 During the period 1989 through 1999, I was Director of Gas Transportation Services for the
16 Columbia Gas Distribution Companies. (Columbia Gas of Kentucky; Columbia Gas of
17 Maryland; Columbia Gas of Virginia; Columbia Gas of Ohio; and Columbia Gas of
18 Pennsylvania). During that time I led the Five (5) Distribution Companies' transformation from
19 a predominantly merchant function to a predominately transportation function under which about
20 60% of the total gas throughput of the Distribution Companies was customer-owned gas being
21 transported for those customers for redelivery to them. I spearheaded the development of
22 Columbia's Electronic Bulletin Board (EBB) customer nomination system. I was also involved
23 in the development of Columbia's first customer CHOICE programs for five Columbia

1 distribution companies. Prior to becoming Director of Gas Transportation Services in 1989, I had
2 been responsible for gas sales to industrial customers for Columbia in Ohio and Kentucky and
3 earlier had been involved in all phases of sales to residential and commercial customers in
4 central Ohio. In July 1999 I retired from Columbia and began serving as a consultant to Stand
5 Energy from July 1999 until August 2003 when I accepted my present position as an employee
6 of Stand Energy.

7 **5. What is the purpose of your testimony?**

8 **Answer:** The purpose of my testimony is to express my professional opinion and the opinion of
9 Stand Energy Corporation that Interstate Gas Supply (IGS) d/b/a Columbia Retail Energy is
10 engaging in unfair, misleading and deceptive practices in marketing gas to customers served by
11 Columbia Gas of Ohio (COH).

12 **6. Why are these practices of IGS a concern to you and to Stand Energy**
13 **Corporation?**

14 **Answer:** As I indicated previously, I ran the Gas Transportation program for Columbia for
15 almost 10 years and in that time I worked with nearly 100 different gas marketers including IGS.
16 In that time we opened up new markets to gas transportation in many of Columbia's distribution
17 companies including Ohio. First, the transportation market was opened up to the small industrial
18 and commercial customers and then finally opened the transportation or Choice market to
19 residential customers. Much of this change in the market place was driven by the large
20 marketers and especially the Enron Corporation. Throughout this industry change there has
21 always been a core concern by regulators, consumer groups and Local Distribution Companies
22 that the consumers should be protected from gas suppliers that were using deceptive, unfair,
23 misleading or unconscionable acts to take advantage of customers that were uneducated, naïve,

1 or uniformed. In a collaborative effort with regulators, and consumer groups, Columbia wrote
2 tariffs to attempt to assure such practices did not occur in the market place.

3 **7. Did these collaborative entities have any concern with COH's unregulated**
4 **marketing affiliate, Columbia Energy Services (CES), misleading or confusing the**
5 **public when they marketed to residential customers in the COH territory?**

6 **Answer:** Yes, they certainly did. As a result, we included the Standards of Conduct in the tariff
7 to preclude COH from giving preferential treatment to Columbia Energy Services, their
8 unregulated marketing affiliate. As the Director of Gas Transportation for COH my department
9 personnel were continually instructed that no favoritism was to be shown to CES. We
10 continually had to inform customers that CES was not their LDC but was a separate, marketing
11 affiliate who we did not represent or that we could speak for. However, it was well known by
12 both COH management and Columbia Corporate management that the use of the Columbia name
13 was a definite advantage for CES just as it is for any unregulated marketing affiliate of a Local
14 Distribution Company (LDC). Even if customers understood that they were not dealing directly
15 with COH their LDC, they would assume that their LDC endorsed their sister company and
16 would be given the same quality of service that they were familiar with from Columbia.

17 **8. So, do you believe this same marketing advantage applies to any company that**
18 **uses the corporate name of the LDC when marketing to customers behind that**
19 **LDC?**

20 **Answer:** Certainly it does. Why else would IGS want to acquire the Columbia name and logo if
21 they also did not think it would give them an advantage? And why does IGS only use the
22 Columbia name and logo when marketing behind the Columbia LDCs and not when marketing
23 behind other LDCs in Ohio or other states? My answer is that IGS thinks it gives IGS an

1 advantage. I believe IGS thinks that there is a segment of the natural gas consumers that will be
2 deceived, mislead or confused enough to decide to purchase their gas from Columbia Energy
3 Retail and assume that they will get the same quality of service.

4 **9. If IGS's use of the Columbia corporate name and logo is an advantage for them**
5 **in the COH Choice market, how does this impact Stand Energy Corporation?**

6 **Answer:** At this time, Stand Energy is not marketing gas in the COH Choice program so we are
7 not competing with IGS in that arena. Stand's main purpose for participating in this complaint is
8 that we feel what IGS is doing reflects badly on our industry. As I indicated earlier in my
9 testimony, there has always been the fear by LDCs, regulators and consumer groups that
10 marketers would prey on innocent customers. What IGS is doing provides grounds for those
11 fears. As a result it taints the reputation of all marketers as a group just as the devious actions of
12 Enron back in the early 2000s impacted all marketers as a group and resulted in increased
13 scrutiny by regulators, and more restrictive credit requirements by LDCs.

14 **10. In Stand Energy's memorandum supporting its motion for leave to file an**
15 **amended complaint, Stand entered as exhibit #3 of the NiSource Quarterly**
16 **Magazine which spoke of the "Power of the Local Brand". Did you provide this**
17 **document to Stand Energy?**

18 **Answer:** Yes I did. The magazine was mailed to my home as a result of my employment with
19 Columbia gas. The document has been in my continuous possession and control since I received
20 it until I provided it for attachment to the Motion To Amend the Complaint.

21 **11. Tell us briefly what the article on brand names said.**

22 **Answer:** The article speaks of the Power of the Local Brand and state that "We all have local
23 brands that we recognize and depend on, such as a favorite grocery store, specialty store—even

1 a utility company.” “The **trust** that customers place in familiar companies is precisely why
2 NiSource is committed to maintaining local brands in NiSource and former Columbia markets.”
3 Consumers behind COH will **recognize** the Columbia name and logo, and think they can **depend**
4 and **trust** in the company that is using that name and logo which is deceptive and misleading to
5 consumers.

6 **12. In that same filing to amend the complaint, there is also an exhibit #2 which**
7 **appears to be nine pages of Bob Skaggs handwritten notes with his plan to exit the**
8 **merchant function and have a “robust Choice market”. Did you provide this**
9 **document to Stand Energy?**

10 **Answer:** Yes I did. This was given to me April 14, 1999. It was presented to the COH
11 Regulatory Strategy team by Bob Skaggs who at the time was the President of COH. The
12 document has been in my continuous possession and control since I received it until I provided it
13 for attachment to the Motion To Amend the Complaint. Bob Skaggs presented three possible
14 approaches to moving forward in the Choice process beyond 2011. The 10 plus year scenario
15 showed a point of mandatory exit of the Merchant Function in 2010 with the Choice
16 participation at 80% with COH keeping the Supplier of Last Resort (SOLR) responsibility or
17 bidding out that responsibility. The plan was very visionary and well conceived. In 2011 COH
18 received permission from the PUCO to enter into the Standard Choice Offer (SSC) phase where
19 COH no longer is a seller of natural gas effective April 1, 2012. With Bob Skaggs now the CEO
20 for all of NiSource, he would endorse the licensing of the established brand name and logo of
21 Columbia in the hopes it would increase the Choice participation rate which in July 2010 was
22 only at a 43% participation rate a month before the licensing agreement was made between
23 NiSource and IGS.

1 **13. Have you seen the licensing agreement between NiSource and IGS?**

2 **Answer:** No I have not.

3 **14. Do you know if COH benefits from this licensing agreement?**

4 **Answer:** I must assume that the NiSource Corporation benefits from this agreement, therefore
5 each of the Distribution Companies receive benefits if the Corporation is more profitable. Such
6 things as annual budgets, employee incentives, wages, bonuses, all can be enhanced if the parent
7 company becomes more profitable.

8 **15. Do you know if COH objected to this licensing agreement?**

9 **Answer:** I have no knowledge of whether internally, COH objected to this licensing agreement.
10 They have not issued and public statement or filed any statement with the Public Utility
11 Commission of Ohio that they objected to the licensing agreement or expressed concern that
12 allowing IGS to use their name and logo showed favoritism to one marketer.

13 **16. What remedy do you feel is necessary to satisfy this complaint?**

14 **Answer:** I do not think IGS should be allowed to use the Columbia name and logo when they
15 are marketing gas in the Columbia of Ohio territory or any Columbia Distribution company.

16 **17. Does this complete your testimony?**

17 **Answer:** Yes it does.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of "*Pre-Filed Testimony of Mark T. Ward on behalf of Stand Energy Corporation*" was served this 1st day of March 2011 by electronic mail upon the following:

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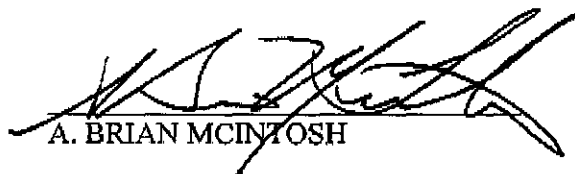
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