

FILE

FAX

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Complaint of)

The Office of the Ohio Consumers'
Counsel, et al.,)

Case No. 10-2395-GA-CSS

Complainants,)

v.)

Interstate Gas Supply d/b/a Columbia
Retail Energy,)

Respondent.)

PRE-FILED TESTIMONY OF STACEE L. DOVER
ON BEHALF OF STAND ENERGY CORPORATION

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November 1, 2011

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1. What is your name and address?

Answer: My name is Stacey Lea Dover. My business address is Stand Energy Corporation, 1077 Celestial Street, Suite 110 Cincinnati, OH 45202-1629.

2. What is your educational background?

Answer: I attended the University of Arkansas from 1988 - 1990. In 1990 I transferred to Ohio University in Athens, Ohio. I graduated from Ohio University in 1992 with a dual degree in International Business and Marketing.

3. By whom are you employed and what is your current position?

Answer: I am employed by Stand Energy Corporation. My current position is Vice-President, Business Development.

4. Please describe your employment history.

Answer: See Resume attached as Exhibit A.

5. What is the purpose of your testimony?

Answer: The purpose of my testimony is to state my professional belief that the use of the name Columbia Retail Energy by Interstate Gas Supply is misleading and deceptive.

6. Please explain why you find the solicitations to be misleading and deceptive?

Answer: Having reviewed the Columbia Retail Energy marketing materials included in the Complaint and interrogatory answers, I am of the opinion that the small font used in the disclaimer is inconsistent with the font used in the remainder of the documents. The use of the unique "Columbia" name and starburst logo does not create an appearance of independence or "setting apart from" NiSource's Columbia companies. Even the most informed commercial or industrial customers, who I deal with every day, could confuse these solicitations as communications from the regulated utility, Columbia Gas of Ohio. I conclude that these

solicitations have to be confusing to many residential customers. The Commercial and Industrial customers that I work with on a daily basis have a designated energy manager or some person in the organization who is responsible for purchasing energy and managing operational obligations in association with transportation gas services. Residential customers do not have energy managers or consultants to advise them, unless they are a part of a government aggregation. In my opinion, the average residential customer is generally less informed about utility regulation, governing utility tariffs and general natural gas industry knowledge compared to the average commercial and industrial customer whose businesses have oversight for energy related costs and an awareness of their utility's operational notifications.

7. Do you believe that IGS is obtaining a competitive advantage by the use of the Columbia name and starburst logo? Please Explain.

Answer: Yes. Giving the upper hand to a non-subsidary marketer, by extending the right to use a recognized and trusted logo, name and brand will aid in quickly obtaining recognition, respect and favor within a target market familiar with this common logo, name and brand and related product/service. A distinctive value inherent in a brand can lead people to ignore evidence they would normally take in to account when making informed buying decisions. Those customers, who do not require proof with whom they are entering a contract, may equate the "Columbia" brand, name and the star burst logo to being a less risky option than a less recognized gas marketer. When a customer buys a brand, name or logo, the customer must sometimes justify paying a higher price for a known product/service. Increased brand recognition should lead to greater customer participation in a shorter period of time than otherwise would occur, should lower marketing and sales expenses to create further profit. No

other marketers were extended this opportunity to lower their marketing and sales budgets to small volume transportation customers on the Columbia Gas of Ohio Choice program.

8. Do you believe that IGS using the trade name Columbia Retail Energy is harming the reputation of all gas marketers?

Answer: Yes. It may also harm the profitability of competitors. IGS is not affiliated with NiSource as a subsidiary. The use of the name Columbia Retail Energy sends a message of “deceptive and misleading practices” being acceptable in the longest-running, most reputable, often called “the nation’s premier”, CHOICE Program. The reputations of all other gas marketers who have followed the rules and standard codes of conduct will certainly be damaged. Additionally, the use of the *Columbia Retail Energy* name by IGS will generate more consumer concerns and questions requiring further customer education, leading to longer sales processes, which costs other gas marketers additional time and money to fund their marketing/sales programs, hence decreasing their profits and unnecessarily increasing potential customer service/customer care efforts. All of this is the result of a single marketer in the marketplace.

9. Is Stand Energy concerned about a backlash against all gas marketers due to the sales tactics of a few?

Answer: Yes. Poor CHOICE program savings have been the topic of news stories in Columbus. Given the bad press related to more “costs” than “savings” of various CHOICE programs, CHOICE and matters pertaining to CHOICE are on the radar of the press. The acceptance of “deceptive and misleading practices” by regulators and marketers, who have not formed special alliances with or been given special offers by NiSource could harm all marketers. Also, if *Columbia Retail Energy* customers perceive value in paying a higher cost for natural gas due to

brand value recognition, a higher price across a large market share will only decrease CHOICE Program savings as a whole going forward.

10. Are you aware that in 2002-2003 IGS received non-public information, not available to other marketers, from a subsidiary of NiSource as documented by FERC in Docket No. IN04-2-000 which resulted in \$2.5 million in fines paid by Columbia Gas Transmission?

Answer: Yes.

11. Do you believe that a subsidiary of NiSource selling a licensing agreement to IGS to use the name Columbia Retail Energy, to the exclusion of all other marketers, is further evidence of an on-going and perhaps not fully-disclosed business relationship between IGS and NiSource?

Answer: Yes, I do, given that I have seen no evidence of public notification or EBB posting from NiSource of any such licensing agreement offer even though NiSource and its subsidiary utilities communicate with all marketers/suppliers everyday in the normal course of business. There are many means by which an offer could have been made to all gas marketers in the normal course of business. These means are regulatory, operational, and procedural in nature. These means include digital/electronic, face-to-face (e.g., the Columbia Gas of Ohio Collaborative group meetings for the SSO program), facsimile and telephonic. Not only do these means present ample opportunity to present the license offer; there are multiple industry publications that post opportunities by offering advertisement space (i.e. *Inside Platt's Gas Daily*) to which marketers, like Stand Energy, subscribe.

12. Do you believe that the IGS solicitation claims that, "had the SSO pricing structure been in place over the last five years, the average price would have been \$.088 which is 17% higher than this Columbia Retail Energy fixed rate plan" are misleading and deceptive?

Answer: Yes. The Columbia Gas of Ohio Standard Service Offer Rate first became available in April 2010, therefore the SSO rate did not exist "over the last five years." What did exist was the Gas Cost Recovery (GCR) rate. Over the last five (5) years the GCR, and subsequently the SSO, rates were variable month-to-month offers, not fixed offers. This is a misrepresentation of the nature of the rate in retrospect. There are many published rates and rate sources that could have been employed to produce a verifiable, variable benchmark. The IGS/*Columbia Retail Energy* solicitation is a historical back-cast against something that simply did not exist, which is misleading and deceptive.

13. Does that conclude your Testimony?

Answer: Yes.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of "*Pre-Filed Testimony of Stacey L. Dover on behalf of Stand Energy Corporation*" was served this 1st day of November, 2011 by electronic mail upon the following:

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A. BRIAN MCINTOSH

Exhibit A

Stacey L. Dover

1019 Kreis Lane, Cincinnati, OH 45205 (513) 432-2478

Skills Summary

- **Successful Sales skills in competitive markets**
- **Excellent Customer Service skills**
- **Broad array of Marketing, R&D and Support skills**
- **Seasoned Management skills, all facets**
- **Accounting and Procurement experience**
- **Systems Development and extensive proficiency**

Employment

- 4/98 to Present **Stand Energy Corporation** Vice President, Business Development; Director, Business Development; Business Analyst; Sales Trainer; CHOICE Coordinator; CHOICE Coordinator Assistant
- 6/96 to 4/98 **Columbia Gas of Ohio** Marketing Services; New Business Expediter; Customer Service Specialist
- 9/94 to 11/94; 1/96 to 6/96 **Columbia Gas Transmission Corp.** Meter Control and Technical Department

Entrepreneurial Experience and Contract Employment

- | | |
|---|---|
| 93-95 J Square Corp. , d.b.a. Meener Wiener President, Proprietor | 93-94 Everything English Research/Sales Manager |
| 93-98 Everdry Waterproofing Show Department Associate | 92-93 Global Material Enterprises, Inc. Market Research Asst |
| 95-96 MC Productions, Inc. Independent Area Sales Rep | 92-93 Tel-Duct Corp. International Market Researcher |
| 94-95 Staber Industries, Inc. Sales/Marketing Director | Summer 92 Small Business Administration Independent Study |

Education

Ohio University Athens, OH BA 11/92: International Business and Marketing **University of Arkansas** Little Rock, AR 88-90

Experience**Sales and Customer Service**

Products: Bus Inness Plans, Telecom Infrastructure PVC products, Imported Porcelains, Exposition Space, Water Proofing Services, Luxury Appliances, Natural Gas Supply Services and Budget Solutions, Delivered Natural Gas Commodity

Sold to: Lending Institutions, Governmental Agencies, Institutional, Industrial, Commercial and Residential End Users

- Developed and maintained substantial residential/commercial energy customer base, producing \$3 million/month winter revenue
- Experienced and successful in highly competitive markets with both outside and inside sales
- Day trading and transportation activities and sales origination for energy futures/commodities
- Sold a wide array of products in various market environments utilizing presentations, complex models and spreadsheets
- Constructed and maintained contract contact databases for prospecting, follow up and closing contracts for 15,000 customers
- Created and set price structure on proposals and contracts for commodity sales, relating ancillary and value-added supply services
- Directed contracted Independent Sales Affiliates in market strategy, product promotions company policy and sales contests
- Account Management across Residential, Commercial and Industrial customer types
- Traveled extensively for Sales, Regulatory and Supply Chain Relationship Development

Marketing, R&D, Sales Support (Domestic and International Arenas)

- Provided contract document support services to procurement and sales departments, and managed yearly contract renewals
- Experienced in conducting market research, authoring and presenting business plans
- Developed and revised a broad variety of marketing, advertising, educational and training materials, inclusive of: web sites, display units, catalogs, portfolios, brochures, training guides, product and price specifications
- Created advertising material working with print, radio, and television advertising representatives
- Organized publicity events, press release distribution, trade exposition displays, teleconferences, and annual Energy Symposium
- Obtained and maintained necessary operating licenses and documentation for business and program start-ups and regulatory filings
 - State Licenses Required for transportation and delivery of Natural Gas
 - Utility Registrations for pooling activity for small residential, small commercial and large traditional meters
 - Tariff Rate Models based on published utility, intrastate and interstate pipeline tariffs
 - Competitive Review for utility markets
- Assisted in research for litigation in regulatory and customer advocacy cases, utility tariff case interventions and collection cases
 - Interrogatory Preparation
 - Discovery Research
 - Testimony
- Modeled complex utility rate schedule and competitive environment analysis for sales used in budget back casts and forecasts), operations and procurement
- Attended Utility, Producer, Pipeline, and Industry meetings on regular basis in order to gain knowledge of :
 - Updates on services offered within the regulated tariffs
 - Access to adequate local natural gas supply for expanding existing markets and entering new markets
 - Pipeline infrastructure changes that affect immediate and future market access

Management

- Supervision and direction of 3 to 13 individuals between 1993 to the present, inclusive of interview, offering, evaluation, recommendations, termination and documentation
- Facilitate a **Natural Gas 101 and 201 Training Course** for new sales affiliates
 - Supply Chain Basics: From Well Head to Burner Tip
 - Customer Prospecting
 - Customer Profiling
 - Utility Cheat Sheets for Natural Gas Transportation Services
- Provided training, and prepared manuals for internal and external audiences
- Provided leadership, created material and implementation of procedures pertaining to sales teams and employee meetings
- Planned and conducted presentations for regulatory agencies, utilities, and pipeline companies on subjects like
 - Marketer Procedure and Sales Conduct
 - Market Place Barriers to Entry
 - Metering
- Collaborated with utility specific marketer groups developing new and enacting changes to existing energy deregulation programs

Exhibit A**Stacey L. Dover**

1019 Kreis Lane, Cincinnati, OH 45205 (513) 432-2478

- Organized and produced Energy Symposium 2004-2005; scheduled and supervised aspects of various other energy related expos and sales training events
- Group Facilitator of Disaster Planning and Business Continuity Program Group
- Applied for Competitive Retail Energy Supplier Certifications behind various states/commonwealths
- Filed Competitive Retail Energy Supplier and Annual Regulatory Reports
- Applied for and managed Women Owned Business Enterprise Certification and marketing of WBENC as a value added tool
- Participated in managerial seminars

Accounting, Procurement and Systems Development

- Attended options trading seminars
- Accounting experience with inclusive of cost and price structure development, managing and auditing inventory, 'Mark to Market' value, invoicing, reconciliation, commissions and development of projected income and balance sheets, utilizing customized spreadsheets and pre-existing and customized database programs
- Interpreted volume requirements for customer forecasting models, planning and futures market purchases and basis spread analysis
- Spreadsheets Design for special projects, sales tools, budget and back casting/forecasting for corporate and customer use
- Deconstructed Competitor Offers to define price structure and competitive opportunities and/or barriers to entry
- Conducted Business Cycle Analysis and Process Design for database improvements and development of user friendly environments
- Constructed a database to manage employee duties, track physical assets, invoicing, and contract management
- Researched computer network improvements
- Designed and constructed web site, static web pages and call-to-action web pages
- Negotiated bids and authored communications for business start ups and expansions
- Processed customs paperwork

Computer Program Proficiency: MS Office applications: Word, Excel, Access, Power Point, Publisher, Outlook, Internet Explorer, SQL, Macromedia Contribute 2, Adobe Professional, ACT, Sugar, Lotus 123, QuickBooks: General Bookkeeping, EOM reports, Bank Management, FOX Pro, Solomon, FTP Explorer, VPN-1, SecuRemote: EDI

Industry Publications and Web Sites Frequented:

- Bentek Energy: Natural Gas Storage Outlook
- Bldweek Indications Report by ICE
- Btu's Daily Gas Wire by Energy Management Institute
- Btu's Monthly Supplement by Energy Management Institute
- EIA: Natural Gas Storage Report
- Citigroup Markets Inc.: Frontier Weather
- Current Comments on Oil & Gas Markets by TeamLevine
- Dow Jones Survey
- Energy Market Insight by Energy Analyst, Alan Lammey
- Energy Market Outlook by Energy Business Watch
- Energy Update by Fifth Third Bank Commodities
- Future Source Market Reports
- ICE Day Ahead Natural Gas Price Report
- Jay Watching
- Market Quick Takes by Energy Business Watch
- Morgan Stanley Smith Barney, LLC Market Update
- Oil and Gas Investor
- Pipeline & Gas Journal
- Pipeline & Gas Technology
- Platt's Gas Daily
- Platts Gas Daily Price Guide
- Platts Inside FERC's Gas Market Report
- PIRA Energy Group
- Raymond James Energy Daily Update
- Reuters Survey
- The American Oil and Gas Reporter
- www.futuresource.com
- http://www.eia.doe.gov/oil_gas/natural_gas/info_glance/natural_gas.html: Natural Gas Data
- <http://ir.eia.gov/ngs/ngs.html>: Weekly Natural Gas Storage Report
- <http://gis.bakerhughesdirect.com/RigCounts/default2.aspx>: Interactive Rig Count Page
- http://www.texasenergyanalyst.com/News_and_Predictions.html
- Regulated Natural Gas Utility Web-Sites across Stand Energy's footprint and future growth markets
- Regulated Interstate Pipeline Web-Sites across Stand Energy's footprint and future growth markets
- De-Regulated Municipality Owned Utility Web-Sites
- Various Public Utility/Service Commissions Web-Sites across Stand Energy's footprint and future growth markets
- Various Competitors Web-Sites across Stand Energy's footprint and future growth markets

Representative Industry Memberships:

- Ohio Gas Association
- Ohio Oil and Gas Association (Corporate)
- Kentucky Oil and Gas Association
- Independent Oil and Gas Association of West Virginia
- Pennsylvania Independent Oil and Gas Association (Corporate)
- Northern Kentucky Chamber of Commerce
- Cincinnati Chamber of Commerce

Frequent Industry Event Attendance:

- GasMart
- LDC Forum
- Various Natural Gas Utility Competitive Natural Gas Marketer Meetings across Stand Energy's footprint and future growth markets
- Various Interstate Pipeline Market Meetings across Stand Energy's footprint and future growth markets