

Members

Sen. James Merritt, Co-Chairperson
Sen. Edward Charbonneau
Sen. Beverly Gard
Sen. Dennis Kruse
Sen. Jean Leising
Sen. Scott Schneider
Sen. Marlin Stutzman
Sen. Carlin Yoder
Sen. Jean Breaux
Sen. Robert Deig
Sen. Sue Errington
Sen. Lonnie Randolph
Rep. Win Moses, Co-Chairperson
Rep. Matt Pierce
Rep. Kreg Battles
Rep. Ryan Dvorak
Rep. Sandra Blanton
Rep. Scott Reske
Rep. Dan Stevenson
Rep. Jack Lutz
Rep. Robert Behning
Rep. David Frizzell
Rep. Eric Koch
Rep. Ed Soliday



REGULATORY FLEXIBILITY COMMITTEE

Legislative Services Agency
200 West Washington Street, Suite 301
Indianapolis, Indiana 46204-2789
Tel: (317) 233-0696 Fax: (317) 232-2554

LSA Staff:

Sarah Burkman, Attorney for the Committee
Sarah Freeman, Attorney for the Committee
Diana Agidi, Fiscal Analyst for the Committee

Authority: IC 8-1-2.5-9

MEETING MINUTES¹

Meeting Date: September 28, 2010
Meeting Time: 9:30 A.M.
Meeting Place: State House, 200 W. Washington
St., House Chamber
Meeting City: Indianapolis, Indiana
Meeting Number: 2

Members Present: Sen. James Merritt, Co-Chairperson; Sen. Edward Charbonneau; Sen. Jean Breaux; Sen. Robert Deig; Sen. Sue Errington; Sen. Lonnie Randolph; Rep. Win Moses, Co-Chairperson; Rep. Matt Pierce; Rep. Ryan Dvorak; Rep. Dan Stevenson; Rep. Jack Lutz; Rep. Robert Behning; Rep. David Frizzell; Rep. Eric Koch; Rep. Ed Soliday.

Members Absent: Sen. Beverly Gard; Sen. Dennis Kruse; Sen. Jean Leising; Sen. Scott Schneider; Sen. Marlin Stutzman; Sen. Carlin Yoder; Rep. Kreg Battles; Rep. Sandra Blanton; Rep. Scott Reske.

I. Call to Order

Co-chair Senator Jim Merritt call the second meeting of the Regulatory Flexibility Committee (Committee) to order at 9:30 a.m.

¹ These minutes, exhibits, and other materials referenced in the minutes can be viewed electronically at <http://www.in.gov/legislative> Hard copies can be obtained in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for hard copies may be mailed to the Legislative Information Center, Legislative Services Agency, West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for hard copies.

II. Public and Private Funding Sources for 211 Services (HR 47; SR 43)

Attorney General of Indiana (AG) Greg Zoeller encouraged the Committee to explore creative uses of existing funding sources for 211. AG Zoeller also discussed the outreach programs that his office provides in each of Indiana's 13 IOLTA (Interest on Lawyers Trust Accounts) districts. Representative Moses asked AG Zoeller if it would be appropriate to use future reversions of fees paid by utilities to the Indiana Utility Regulatory Commission (IURC) for 211; AG Zoeller said it should be considered.

Lucinda Nord, vice president of the Indiana Association of United Ways, provided Committee members with packets containing the 2009 annual report prepared by Indiana 211 Partnership, Inc., (IN211) and a copy of Ms. Nord's PowerPoint presentation. See Exhibits A and B. Ms. Nord described the services provided by IN211 and discussed the growth of and limitations on 211 access in Indiana, including the inability to connect to 211 with bundled service packages, the misrouting of 211 calls, and the lack of funding.

Representative Pierce asked how much money is currently available to operate 211 services in Indiana. Ms. Nord responded that there is \$3.8 million and asked for increased funding to improve the technology infrastructure and enable coordination among 211 call centers. In response to a question from Representative Moses, Ms. Nord noted a direct connection between fees paid by utilities to the IURC and the calls routed by telecommunications providers to 211 centers; she further stated that several utilities provide direct philanthropic support to IN211.

Senator Errington and Ms. Nord discussed the need to avoid creating duplicate toll free hotlines in order to save the state money. Representative Frizzell asked how other states fund 211 call centers, and Ms. Nord replied that some states have reduced appropriations whereas others have increased 211 funding due to an increased need for services. In response to Senator Randolph's question, Ms. Nord listed several private entities that provide funding and support to IN211, including the United Way, various community foundations, several utilities, and private individuals and foundations.

Next, Joe Sutherland, executive director of the IURC, answered questions from Representatives Soliday and Moses concerning the reversion of fees paid by utilities to the IURC back to the utilities. Mr. Sutherland confirmed for Representative Soliday that a reversion of fees to utilities could result in reduced rates for ratepayers if the reversion occurred at the same time as a rate case. Mr. Sutherland further stated to Representative Moses that a utility could also add its share of reverted fees to its profits.

Ms. Nord told Senator Breaux that she does not know the exact percentage of telecommunications providers that do not provide 211 access, the cost of which varies by provider. Senator Errington inquired whether legislation would improve access, and Ms. Nord gave the example of legislatively requiring a telecommunications provider to provide 911 access as a condition of doing business in Indiana. Ms. Nord told Representative Lutz that most wireless providers provide 211 access and that she would like to see it enabled for all telecommunications devices, including those that are part of a "bundled" package.

III. Funding Parity for 911 Services

Treasurer of State Richard Mourdock testified before the Committee about E911 surcharge parity. See Exhibit C. Wireless surcharges are currently \$.50 per month for post paid accounts and \$.25 per transaction for prepaid accounts. Treasurer Mourdock noted several trends that place E911 funding at risk, including the reduction in the number of landline phones in Indiana and the increase in prepaid wireless sales.

Treasurer Mourdock agreed to provide Representative Behning with the gross revenues generated by 911 fees on landline telephones. Representative Behning also asked for the most popular or successful way to solve the 911 funding problem. Treasurer Mourdock stated that Virginia has imposed a universal communications tax. Representative Pierce asked if the lower fee imposed on prepaid wireless telephones is because most prepaid customers have lower incomes and make more frequent transactions. Treasurer Mourdock indicated he is aware of this pricing theory but believes that the converse is also true. Senator Breaux asked for a recommendation on how to collect 911 fees on non service initialized wireless telephones; Treasurer Mourdock stated it might not be possible. Representative Soliday commented that total 911 costs must be known in order to raise adequate revenue, and Treasurer Mourdock noted the difficulty created by different localities allowing different expenditures from landline and wireless E911 funds.

Ed Reuter, director of the Bartholomew County emergency operations 911 center (911 center), distributed written comments and a chart of Bartholomew County's quarterly 911 revenue from AT&T. See Exhibits D and E. Mr. Reuter testified that 70-75% of the emergency calls received by the 911 center are placed from wireless telephones which generate less revenue for the 911 center. Bartholomew County's E911 revenue is decreasing as fewer households have landline telephones; Mr. Reuter reminded the Committee that the 911 center is required to provide the same level of service regardless of the amount or source of revenue it receives. Mr. Reuter confirmed for Senator Breaux that 911 calls placed from prepaid wireless telephones are not traceable.

Representative John Barnes introduced William "Buddy" Templin, at large member of the Beech Grove city council. Mr. Templin talked to the Committee about Beech Grove's somewhat different position as an excluded city within the borders of Marion County and emphasized Beech Grove's ability to understand the wants and needs of its citizens and its desire to retain a measure of local control while providing great service. Senator Breaux asked if Beech Grove fears it will lose its emergency operations center in 2014 when consolidation is mandatory, and Mr. Templin replied yes.

Robin Brandgard, president of the Plainfield town council and president of the Hendricks County Communications Center (Center) board of directors, provided the Committee with written testimony and two pie charts breaking down the Center's revenue sources. See Exhibits F and G. Representative Behning confirmed that Hendricks County had four emergency communications centers before it consolidated all services to the Center.

Mayor Greg Goodnight of Kokomo testified that Howard County contains two emergency operations centers, one in Kokomo and one in the county. He stated that the city of Kokomo subsidizes countywide 911 services because Kokomo residents constitute 55% of Howard county's population but pay 80% of the county's 911 surcharges.

Gary Eakin, the town manager of Danville, encouraged the creation of a permanent 911 funding source. Representative Koch asked Mr. Eakin whether something similar to a fire district could be created for emergency services, and they agreed that the examples are not analogous.

Jim Shelby and Rosalie Richardson, members of the Hancock County council, testified about emergency operations and 911 funding in Hancock County. Ms. Richardson stated that Hancock County's 911 surcharge revenue does not cover the budget of the county's emergency operations center. Mr. Shelby suggested solutions to the funding problem, including increasing wireless 911 surcharges to achieve parity with landline fees or imposing what he termed a dwelling parcel fee on property owners.

Jason Delk, attorney for the city of Muncie, testified that the relationship between Muncie and Delaware County is similar to that between Kokomo and Howard County in that city residents subsidize 911 services for county residents.

IV. Alternative Pricing Programs for Natural Gas

David Lott Hardy, IURC chairman, testified that alternative pricing programs for natural gas are not subject to traditional regulation by the IURC and allow consumers to make better individual decisions. Representative Moses asked if the original intent of the alternative pricing legislation was to save consumers money. Chairman Hardy stated that gas utilities were permitted to unbundle their commodities and services to determine if it was an efficient model. He further stated that there are no available hard measures to determine if customers save money. Representative Soliday distinguished between noncompetitive utilities and competitive natural gas marketers with respect to the need for government regulation. Representative Pierce commented that consumers need good information to make good decisions and suggested that the IURC could play a role in acquiring and providing the information. Chairman Hardy stated that, while the IURC could require utilities to provide certain information, it could not do so at its current resource level.

Kerwin Olson, policy director for the Citizens Action Coalition of Indiana (CAC), distributed two articles concerning natural gas contracts to Committee members. See Exhibits H and I. Mr. Olson informed the Committee that the number one complaint registered with the CAC is NIPSCO's Choice Program for alternative gas pricing. Mr. Olson stated that accurate information should be made available to consumers and that natural gas marketers should be prohibited from misrepresenting their affiliations with public agencies.

Frank Shambo, vice president of regulatory and legislative affairs for NIPSCO, distributed to Committee members a copy of his PowerPoint presentation and a printout of the website NIPSCO is developing for its Choice Program (Program) for residential natural gas marketers. See Exhibits J and K. Mr. Shambo described the Program, beginning with its origin in 1985. Representative Moses expressed his appreciation for the information being provided to consumers on NIPSCO's website. Senator Randolph asked about the relative frequency of price changes in the natural gas market compared to updates on the website. Mr. Shambo stated that the natural gas market is very volatile and prices change frequently; he further indicated that the Program website will be updated at least monthly and possibly whenever new information is provided. Mr. Shambo told Representative Behning that more information, including early termination fees, will appear on the website than on the handout given to Committee members. Representative Frizzell asked Mr. Shambo at what point would NIPSCO become concerned about complaints from Program customers; Mr. Shambo gave the examples of one natural gas marketer being the subject of a majority of complaints or many customers leaving the Program. Mr. Shambo agreed with Representative Soliday that the Program provides customers with an opportunity to hedge on the natural gas market. Representative Dvorak confirmed with Mr. Shambo that NIPSCO has conducted no analysis of whether customers pay more or less through the Program. Mr. Shambo told Senator Breaux that the Program is available to all customers but provides little value to larger industrial customers. Representative Soliday commented that it is necessary to look at a contract between a natural gas marketer and a Program customer over its life to determine if it results in cost savings to the customer.

Vincent A. Parisi, representing IGS (Interstate Gas Supply) Energy, distributed to Committee members a copy of his presentation, "Retail Natural Gas Competition Empowering Indiana Consumers Through Natural Gas Choice" . See Exhibit L. Representative Moses asked if the statistics in Mr. Parisi's presentation were based on actual natural gas marketers or a composite; Mr. Parisi stated that they are based on a

composite. Representative Moses also questioned how a marketer can purchase natural gas cheaply enough to make a profit, and Mr. Parisi responded that the marketer's profit comes as a result of risk taking. Representative Soliday commented that a marketer can make a profit because a customer may be willing to pay a slightly higher price for natural gas knowing that the price will remain stable for a period of time. Senator Breaux asked what costs a marketer incurs if a customer opts out of a contract. Mr. Parisi indicated that the costs can be significant and may be determined by the length of the contract. Finally, Mr. Parisi explained to Representative Dvorak the manner in which distribution and transmission costs are passed on to customers under the terms of contracts between marketers and NIPSCO.

V. Adjournment

Senator Merritt adjourned the meeting at 1:20 p.m.

Indiana 211 Partnership, Inc.
Annual Report for 2009

Connecting Hoosiers with Human Services



RFSC 9/28/10
EXHIBIT A

Indiana 
2-1-1™
Get Connected. Get Answers.

2-1-1 in Indiana

Indiana 211 Partnership, Inc. (IN211)

IN211 is a 501(c)3 nonprofit organization whose members include local human service providers, divisions within state government and other member organizations, representing 61 United Ways and United Funds and 30 comprehensive and specialized information and referral (I & R) programs.

IN211 is governed by board of directors that meets bimonthly. Its books and records are audited annually by independent certified professional accountants, and IN211 files a Form 990 with the IRS each year, available at www.in211.org.

Board of Directors

Jim Allbaugh, LifeStream Services, Inc.
Chuck Brandenburg, United Way of Central Indiana
Jackie Cissell, Indiana Family Social Services Administration
Anthony Dzwonar, At-Large Representative
Carl Ellison, Indiana Minority Health Coalition
Lynn Engel, Connect2Help
Roger Frick, Indiana Association of United Ways
Walter Kirkwood, At-Large Representative
Jane McCann, Lafayette Crisis Center
Bobbi Schleibaum Bosch, At-Large-Representative
Sarah Seacat, At-Large Representative
Marsha Thompson, IN Association of Child Care Resource and Referral
Jerrold L. Ulrey, At-Large-Representative

IN211 thanks retiring board members, Jewel Echelbarger, Lisa Freeman and Darwin May, for their service in 2009.

Thank You to our Funders

Arthur Jordan Foundation
Indiana Association of United Ways
Proliance Energy
Ruth Lilly Philanthropic Foundation
Vectren Foundation
Individual Contributors

Serving More with Fewer Resources

As the organization designated to plan for, implement and oversee 2-1-1 for Indiana, IN211 coordinates system efforts, including telecommunications agreements, 2-1-1 routing and system integration and after-hours and disaster services. Revenues were \$181,079 and expenses were \$205,739 for the IN211 office in 2009.

The budget for the IN211 office is a fraction (less than 10%) of the total annual investments in 211 services in Indiana. Individual 2-1-1 Centers are supported through United Way and philanthropic contributions, government grants and contracts and other revenues. Primary costs at the local level are personnel costs to provide 2-1-1 service, mainly for trained staff to answer calls and to maintain the resource database.

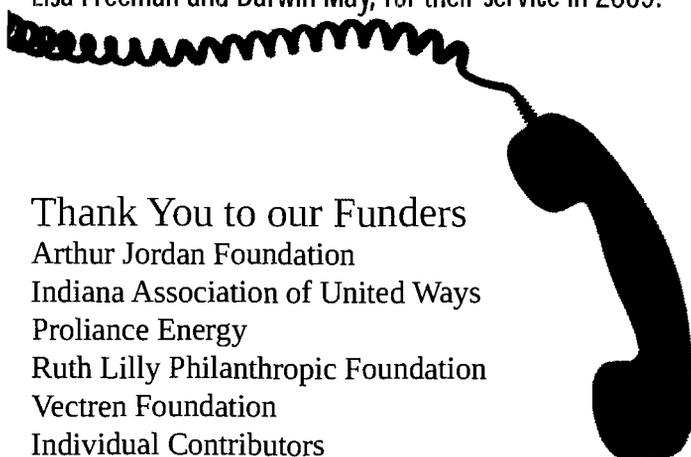
From 2006 to 2009, IN211 added 2-1-1 access in 14 counties (including many rural counties) and served 15% more of the state's population. The call volume and workload nearly doubled. During the same time, funding was reduced for IN211 and its centers.

Volume/Workload Double, Funding Reduced

	2006	2009
Counties	64	78
Population	80%	95%
Calls	232,000	444,000
Needs	249,000	453,000
Referrals	331,000	636,000

Quality Service

Indiana has one of the highest rates of AIRS Accreditation for centers and for certification of individual I & R specialists.



Indiana 211 Partnership, Inc.

Report to Indiana Utility Regulatory Commission - September 2010

Access to 2-1-1

The map of “coverage” for 2-1-1 in Indiana does not reflect the true challenge of providing 2-1-1 access in an ever-changing telecommunications environment. The landscape of telecommunications is much broader than landline and wireless services. Consumers attempt to access 2-1-1 from a range of incumbent local exchange carriers, competitive local exchange carriers, VoIP providers, cable/telephone providers, pay telephones and wireless carriers.

Challenges include:

- Companies **provide telecommunications services without making 2-1-1 dialing available** to their customers.
- **Consumers that have subscribed to certain bundled service packages** (telephone, cable and internet) are now **unable to reach 2-1-1 from their telephones**, even though they live in areas where 2-1-1 was formerly available to them through the same company. Companies report that 2-1-1 is not mandated and that they are working on a solution with possible implementation in 2011.

Routing of 2-1-1 Calls

IN211 continues to observe 2-1-1 calls mis-routed to the wrong IN211 centers.

Reasons for mis-routing include:

- **Companies sometimes do not send the ANI** (automatic number identification) information with the call which is essential for appropriate routing in IN211’s current system.
- In an effort to implement 2-1-1, **some communications providers seek out a 10-digit number for technical programming without going through the IN211 office**. By programming 2-1-1 to reach certain administrative lines at 2-1-1 centers, customers of these companies are not routed over IN211’s telecommunications system which manages the call flow.

Technical Issues

In prior reports to the IURC, we have discussed other technical issues, which still pose occasional, but not as frequent, problems for consumers accessing 2-1-1.

Examples include:

- **“Phantom calls”** or “ghost calls” where something has triggered a call connection for which IN211 pays the connection and toll charges, and yet no person is on the other end.
- **Mis-routed phone calls** resulting from NPA-NXX routing or telecommunications provider overflow routing.
- An occasional **technical issue associated with the nature of the 2-1-1 dialing code**. For example: an IN211 Center receives a call and is able to hear, but not participate in, another conversation—often made by a residential customer to a telephone number which includes the three digits 2-1-1 somewhere in the number (e.g., 372-1146).
- **Business phone systems** that have not enabled 2-1-1 or have enabled it incorrectly.
- Some **private telephone system** owners continue to use 2-1-1 as an internal extension or maintain a “block” on three-digit dialing.
- A **4-1-1** vendor programmed its system to direct callers to IN211’s network.

Telecommunications Providers’ Response

Most telecommunications providers are responsive to requests to look into and resolve issues.

The biggest challenges are:

- Identifying the source of the issue.
- Accessing the technical staff for a company.

Ensuring appropriate access, routing and technical issue resolution remains an administrative burden on IN211 and its local centers.

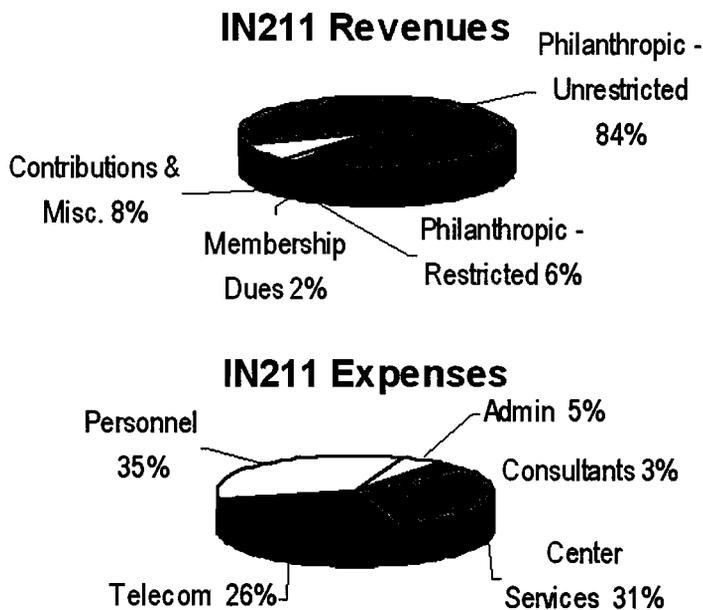
Indiana 211 Partnership, Inc.

Report to Indiana Utility Regulatory Commission - September 2010

2009 Financial Condition

Below represents the breakdown of expenses (\$205,739) and new revenues (\$181,079) for the IN211 office in 2009. This represents less than one-tenth the total investment in 2-1-1 in Indiana in 2009.

Not unlike other Midwestern states, the economic conditions in 2009 put serious strains on IN211 and its 2-1-1 centers. Philanthropic funding remained flat or was reduced at a time when 2-1-1 calls were increasing in numbers, taking longer and becoming more complex. Demand for services nearly exceeded capacity to meet people's needs.



2-1-1 Account at IURC

Under I.C. 8-1-19.5-11, the Indiana Utility Regulatory Commission has responsibility for administering a "211 services account" established in the state general fund to make 211 services available throughout Indiana. As of September, 2010, the Commission has received no funds in the 2-1-1 services account.

Recommendations for Policymakers

■ **Requirement that companies enable 2-1-1**

IN211 seeks a policy that would require companies providing telephone service in Indiana to enable 2-1-1 service for their customers as a part of their offering basic telecommunications services.

■ **Location-Based Routing**

Aligned with the goals of the national N11/8XX Essential Services Interoperability Council (NESIC), IN211 believes that location-based routing is essential for appropriate service. IN211 recognizes that implementation of location-based routing will require technical and policy changes in Indiana and nationally.

■ **Issue Resolution**

Resolution of technical issues for ensuring appropriate 2-1-1 access and routing is an administrative burden placed on IN211. For the benefit of all Hoosiers, this should be reduced through preventive measures taken by telecommunications providers and appropriate responses once issues are identified.

■ **Funding for 2-1-1**

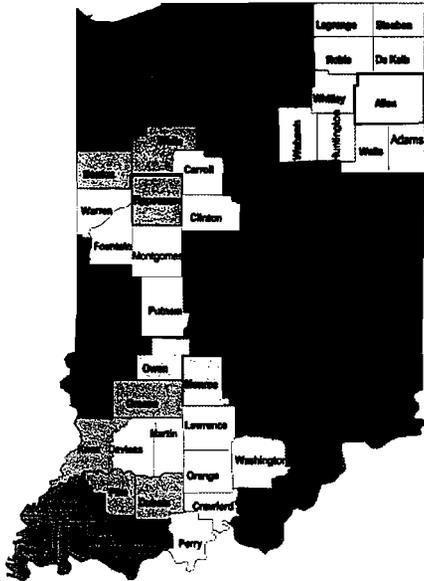
Just as 9-1-1 is critical to Indiana's system of public safety preparedness and response, 2-1-1 is critical to the Indiana's human service delivery system. However, unlike 9-1-1, 7-1-1, 5-1-1 and 3-1-1, Indiana's 2-1-1 system does not receive any public funding dedicated to its infrastructure, telecommunications routing, database management or trained staff to answer calls. Sources of public funding need to be developed to ensure statewide ongoing 2-1-1 service for Indiana.



Indiana 211 Partnership, Inc.
3901 N. Meridian St., Ste. 9
Indianapolis, IN 46208-4026
317-921-7527
fax 317-921-1397
www.in211.org

Helping Hoosiers Find Help

Indiana Counties Served by 2-1-1



In 2009, Indiana's 14 2-1-1 Centers served over 444,000 callers, recorded over 453,000 needs and provided over 636,000 referrals to a network of over 21,000 human service organizations.

H1N1

Thousands of Hoosiers called 2-1-1 to learn about H1N1 immunizations, clinic hours, costs, school and public event closures even though it was not the promoted number for H1N1 in Indiana. At peak, centers were handling more than 500 calls a day. In other states, 2-1-1 became the "go-to" number for the public. In 2009, 2-1-1 was the contracted public line for H1N1 in AL, CT, MD, MI, TX, UT and WI, just to name a few.

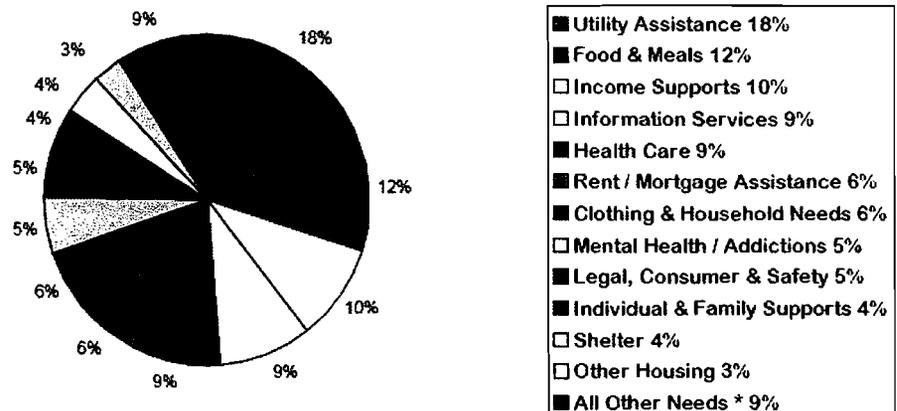
Economic Crisis

2-1-1 continues to serve more people whose hours were cut or positions were eliminated or who cannot find employment. Callers are asking for help with basic needs and other supports. These calls are more complex and have no easy referrals as families are often barely over income guidelines for eligibility for many programs.

A single mother with three children called 2-1-1 in desperation. She had lost her job, and as a result had lost her home. Her family was in danger of being on the streets. They needed emergency housing immediately. She called 2-1-1.

The 2-1-1 information and referral specialist contacted several agencies seeking emergency housing for the family. A local shelter was able to provide temporary housing and case management services to the family. The mother is currently looking for a new job and hopes to be self-sufficient again soon.

Indiana's 2-1-1 Caller Needs in 2009



"All Other Needs" includes the categories Employment, Education, Other Governmental/Economic Services, Tax Assistance, Volunteers/Donation, Disaster Services and Arts, Culture and Recreation.

"Our community is rich with organizations willing to help. People just don't know where to turn. I am gratified when I can make that difference in a caller's life."

-- Libby Roberts, volunteer I & R Specialist from Seymour

Unmet Needs

IN211 uses call data and evaluations to assess and inform funders and planners about unmet needs in our communities. The top unmet needs for 2009 were:

- Financial Assistance for Rent, Mortgage and Utilities
- Shelter
- Transportation
- Food

Indiana 2-1-1 Fast Facts



What is 2-1-1?

2-1-1 is a three-digit phone number anyone can call to get information about health and human services. Trained and caring information and referral specialists answer the 2-1-1 calls, talk about the caller's needs, and provide information on housing, employment, legal aid, counseling and much more.

Why 2-1-1?

- 2-1-1 is easy to use.
- Disaster relief is more effective, reducing non-emergency calls to 9-1-1. 2-1-1 connects victims, donors and volunteers with service providers.
- 2-1-1 is good for business, helping employees with family situations.
- 2-1-1 fosters better use of volunteers, local and faith-based services.
- 2-1-1 allows tracking of service gaps, duplication and trends.

Where is 2-1-1 Available?

Currently 79 Indiana counties have access to 2-1-1 service provided by 14 Centers around the state, over 95% of the Indiana population. Our goal is to reach all Hoosiers. Nationally, 2-1-1 reaches approximately 80% of the US population, over 240 active 2-1-1 systems covering all or part of 47 states.

How is 2-1-1 Funded?

IN211 and its Centers are primarily supported by private dollars from United Ways, community foundations, grants and individual donors. As a public-private partnership, IN211 needs to leverage the philanthropic funding with governmental funding. There are efforts at the state and federal levels to create sustainable public funding. 2-1-1 system implementation requires at least \$1 to \$1.50 per person annually for the area served. This means \$6.3 million and \$9.6 million in annual support in Indiana. **State funding is needed** to sustain and expand the service.

What is in the Future for 2-1-1?

While IN211 struggles to meet today's demands, the board of directors and centers consider what the future might hold for 2-1-1, including:

- An IN211 Application on your handheld.
- Click-to-text or click-to-talk features.
- 2-1-1 as the portal to access health and human services.
- Less than three clicks to the answer for any community information and referral question.
- 2-1-1 data shapes how decisions are made in allocating scarce resources.
- Full integration with 9-1-1 and other N-1-1s so that people's needs are met.

Support is needed to:

- Ensure all Hoosiers can reach 2-1-1.
- Provide detailed statewide web-based database of human service information.
- Implement technology plan and make upgrades to integrate voice and data.
- Continue statewide training and evaluation to assure ongoing quality.
- Implement a public education plan.
- Increase staffing to meet rising demands.



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Indiana
2-1-1
Get Connected. Get Answers.

Status of 2-1-1 in Indiana

United Way

Indiana
2-1-1
Get Connected. Get Answers.

What is I&R?

Information and Referral, or I&R, includes

- **Assessment** of caller's situation
- Identification of appropriate **referral resources**
- **Education** about service delivery system
- Strategies to help **overcome barriers** to service

United Way

Indiana
2-1-1
Get Connected. Get Answers.

2-1-1 provides:

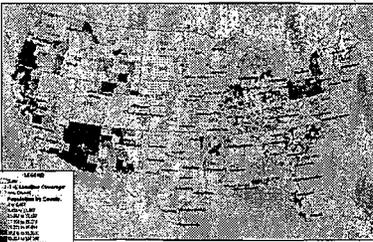
- **Connection with services**
 - Basic needs (food, utility assistance, housing)
 - Children, youth and family resources
 - Physical and mental health resources
 - Employment and education support
- **Intake for special campaigns**
 - VITA, Flu Shots, Christmas/Holiday Assistance
 - Bom Learning, Back to School, FamilyWise Drug Cards
- **Critical role during disasters**
 - Tracking and/or coaching for donations and volunteers
 - Rumor control
 - Telephone crisis intervention, comfort and assurance.
 - Regularly posted updated "tips" and resources
- **Tracking of Resources, Needs and Trends**

United Way

Indiana
2-1-1
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Basic Access to 2-1-1 2009 – 240 Centers, 16 million calls

2-1-1 US National Coverage Status
Population Density by County of Uncovered Landline Areas



2-1-1 is still limited by:

- Cell/wireless devices
- VOIP
- Bundled packages
- Pre-paid phone cards
- Emerging technologies
- Call-handling capacity
- Staffing
- Limited disaster redundancy
- Databases that are not interoperable
- Public awareness

United Way

Indiana
2-1-1
Get Connected. Get Answers.

IN211 Expansion

	Counties	Population
February 2004	21	40%
February 2005	39	52%
March 2006	48	63%
February 2007	64	80%
February 2008	67	85%
February 2009	71	90%
February 2010	79	95%

United Way

Indiana
2-1-1
Get Connected. Get Answers.

Basic Access to 2-1-1

Map of 2-1-1 Coverage



IN211 in 2009:

- 15 fifteen IN211 Centers (now 14)
- 444,000+ calls
- 453,000+ needs
- 636,000+ referrals
- 22,000 human service organizations

United Way

RFSC 9/28/2010
EXHIBIT B

2-1-1 Organization

- **Indiana 211 Partnership, Inc.** seeks to create a statewide system to connect Hoosiers with needs to human services by dialing 2-1-1.
 - Founded in 2000
 - Memorandum of Understanding signed with members
 - Incorporated as 501 (c) 3
 - Governed by Board of Directors
 - Recognized as “authorized 2-1-1 provider” by IURC
 - Contracts signed with independent 2-1-1 centers



IN211 as a national model

- Service model balances local delivery with centralized efficiencies
 - Administrative and regulatory responsibilities
 - Telecommunications system
 - After-hours and disaster backup
 - Evaluation
- Disaster preparedness and response
- Quality assurance
 - 12 of 14 Centers achieved AIRS Accreditation
 - Among highest number of certified staff



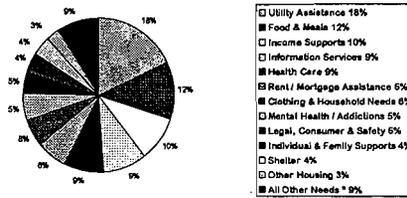
Quality Assurance

- **IN211 Centers meet AIRS Standards for Professional Information & Referral and Quality Indicators**
 - Service Delivery
 - Resource Database
 - Reports and Measures
 - Cooperative Relationships
 - Disaster Preparedness
 - Organizational Effectiveness



2009 Calls

Indiana's 2-1-1 Caller Needs in 2009



The Need categories above reflect the nationally-accepted categories based on AIRS Economy of Human Services. See www.airsonline.net. "All Other Needs" includes the categories: Other Government/Economic Services, Education, Tax Assistance, Volunteer/Donations, and Arts, Culture and Recreation.



(Reports at <http://www.in211.org/about211/calldata.htm>)

Technical Issues



Technical Issues

- Access
 - Companies that do not enable 2-1-1
 - Bundled packages
- Routing
 - Lack of ANI (automatic number identification)
 - Wrong numbers programmed in for 2-1-1 translation
- Other Technical Issues
 - Phantom or ghost calls
 - Mis-routed calls
 - Business and private telephone systems



Recommendations



- Policy to require all communications providers doing business in Indiana to enable 2-1-1
- Location-based routing as long-term goal
- Issue resolution
 - Preventative measures taken by communications providers
 - Responsiveness when issues arise
- State funding for 2-1-1



Funding for 2-1-1



Research



- **Cost-benefit research** (4 independent studies)
 - National study shows net benefits and Indiana uses best model of centralized administration with decentralized delivery
 - Benefits beyond the individual transaction; potential to “significantly impact the way nonprofits and government agencies work together”
- **Evaluation studies**
 - Customer satisfaction high; strong outcomes (vary)
 - Awareness of 2-1-1 varies widely
- **Other research:** information management, effectiveness in health referrals



More Research



- **Disaster case studies**
 - Value of 2-1-1 in disaster
 - Relationship with 911 and recovery
- **Telecommunications** -Technical aspects, cost considerations and models for 2-1-1 phone access, routing and redundancy
- **Integration studies** – how service delivery system is more efficient and effective when referral databases and 1-800 lines are integrated with 2-1-1



2-1-1 and IN Law



- **Indiana’s 2-1-1 law** (I.C. 8-1-19.5) in 2004
 - Encourages the State to **use and support** 2-1-1
 - Created an **account** in budget (though empty)
 - Prohibits the State from creating new “hotlines” without consultation of recognized 211 provider
 - Other provisions (liability, public dissemination, etc.)
- **Telecommunications deregulation** (HEA1279)
 - Includes provision that IURC retains regulatory authority in order to “fulfill the commission’s duties under IC 8-1-19.5 concerning administration of the 211 dialing code for communications services used to provide access to human services information and referrals.”
- **Other Legislation** – 2010 session enacted 1 bill about family stress and saw 2 resolutions about funding of 2-1-1



Funding for N-1-1s

N11	Purpose	Funding source
211	Community information and referral	Public-private partnership, though primarily United Ways, donor dollars in IN (Other states provide state funding.)
311	Non-emergency governmental	City and local government
511	Transportation / road conditions	Initially Department of Transportation
711	Relay services for hearing- and speech-impaired	Surcharge on phone bill
811	“Call before you dig” underground utility location	Membership dues from utilities
911	Emergency – police, fire and medical	Surcharge on phone bill

What 2-1-1 Costs



- 2-1-1 call is "free" to caller, meaning no additional charge to caller
- National studies show on average \$1 to \$1.50 per capita in annual operating costs (\$6.3M-\$9.6M/yr)
- Costs vary with expectations (i.e. referral vs. intake; depth of data requests, etc.)



How other states fund 2-1-1



- Federal funds
 - Agriculture – SNAP/Food Stamp outreach, summer nutrition
 - Commerce - Telecommunications and Information Technology
 - Health and Human Services – TANF, Maternal Child Health, Medicaid, SAMHSA, CDC, etc.
 - Housing and Urban Development (HUD) - Community Development Block Grant (CDBG)
 - Homeland Security
 - Justice
 - Labor – workforce development programs
- State budget appropriations



Request of Policymakers



Ask of policymakers



- Assist with Technical Issues
 - Access
 - Routing
 - Issue Resolution
- Enforce Indiana Code
 - I.C. 8-1-19.5 from 2004 (encouraging use of 2-1-1, prohibiting state from creating new hotlines, etc)
 - Provision to preserve IURC oversight from HEA1279
- Complete the "public" side of the public-private partnership to maximize federal, state and local resources



Contacts



Lucinda Nord
VP, Public Policy
Indiana Association of United Ways
3901 N. Meridian St., Ste. 306
Indianapolis, IN 46208-4026
317.921.1394 / cell 317.502.8504
Lucinda.nord@iauw.org

Lynn Engel
Vice Chair of IN211 and
President/CEO, Connect2Help
3901 N. Meridian St., Ste. 300
Indianapolis, IN 46208-4026
317.789.8600
lengel@connect2help.org

Carl Ellison
Chair of IN211 and
VP and COO,
Indiana Minority Health Coalition
3737 N. Meridian St., 3rd Fl
Indianapolis, IN 46208
317.926.4011
c.ellison@imhc.org

Visit www.in211.org



Useful Websites



- Info about Indiana 211 Partnership, its Centers and data - www.in211.org
- Samples of data reports
 - www.connect2help.org/Reports.html
- Standards for Professional Information and Referral and Quality Indicators
 - www.airs.org
- To learn about 2-1-1 nationally
 - www.211us.org
- To locate a 2-1-1 nationally – www.211.org



10/5/2010

E9-1-1 SURCHARGE
PARITY

reg-flex | Richard Mourdock, Treasurer

background

- The Indiana Wireless E911 Advisory Board (WE9AB) began a modernization project in 2005
- Today, all counties have mapping, network services and get the location of the wireless 911 caller
- the wireless surcharges are:
 - 50¢ for 'post paid' or monthly billed accounts
 - 25¢ for 'pre-paid' accounts
 - non service initialized (NSI) handsets pay

50¢ surcharge fee per handset
(after July, 2006 for monthly billed service)

distribution

admin tech collection equal population

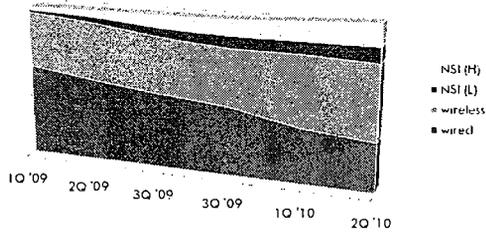
Category	Value
admin	.007 ¢
tech	.01 ¢
collection	.383 ¢
equal	.344 ¢
population	.039 ¢

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trends affecting funding (continued)

- today, 2 of 3 wireless handsets sold are prepaid
- "Post-paid (wireless service) growth is arguably over," (Craig Moffett, a Sanford Bernstein equities analyst)
- there are changes in the wireless 911 call sector
 - wireless is now 65 to 85% of all 911 calls
 - calls from non service initialized handsets are now 8 – 25% of these wireless 911 calls

aggregated 911 call trends



summary

- there are more wireless 911 calls than landline calls
 - 911 call trends track the public's preference for wireless over landline (the digital generation)
 - adequate funding is in jeopardy:
 - wireless 911 calls from NSI handsets is a fast growing segment (8 to 24% of 911 calls)
 - prepaid surcharges aren't paid, or are paid at 25¢ per handset
 - surcharge rate arbitrage is increasingly possible
- sources: consolidated NPTK tool kit reports

**Bartholomew County
Emergency Operations Center**

131 S. Cherry Street
Columbus, Indiana 47201

Ed Reuter
Director
Director

Phone (812) 379-1551 * Fax (812) 379-1564

Julie Pierce
Deputy

August 20, 2010

Dear State Rep./Senator

In Indiana as well as across the country 911 wire line revenues have decreased at an alarming rate. This trend is having a significant impact with local government's budgets by having to make up the lost revenues to pay the operational cost of Public Safety Answering Points (PSAP). This is a direct result of people discontinuing wire line phones and switching to cellular telephones. Bartholomew County's current wire line surcharge is \$1.84 and the state wireless surcharge is post paid at \$.50. As Director of the Bartholomew County Emergency 911 Center, I want to share with you what has occurred in our county with the revenue losses.

My purpose in writing this letter is to encourage you and the PSAP directors in your district to come together to discuss the 911 funding issues. In 2010 there were six legislative bills introduced into the State Legislature addressing PSAP shortfalls. One bill passed that requires pre-paid phones to pay surcharges of \$.25. Basically this means 7 ½ pre-paid phones would have to be sold to make up the difference of losing one wire line phone in Bartholomew County.

Our Emergency 911 Center dispatches to 20 agencies and processes approximately 200,000 phone transactions each year. Our records indicate citizen's use their cellular telephones 65-75% of the time to report an emergency 911 call.

In 2007 our quarterly revenues from AT&T (our largest provider) averaged \$165,000.00. The second quarter in 2010, Bartholomew County received \$130,000.00. Since January of 2008, our revenues are losing approximately \$3,000.00 each quarter and are continuing to decrease. The wireless telephone revenues have increased slightly, however the difference is not comparable with the losses of wire lines in our county.

The PSAP's are the backbone of public safety. Public Safety Departments without dispatch centers as well as many private offices use automated voice messaging with prompts. Contained within their prompts is a very clear message "***If this is an emergency please hang up and dial 9-1-1.***" The expectation of each and every citizen who lives or passes through Indiana is that there will always be someone to answer their emergency call. We cannot afford to have shortcuts with this vital link to public safety.

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EXHIBIT D

It is essential that the Indiana Wireless Board and Indiana State Legislature work together to resolve two critical issues. The primary issue is to address the surcharge revenues from wireless telephones. A formula should be developed to balance out the differences between any technology capable of dialing 911 and wire line telephones. The second issue is to provide a clearer definition of what the revenues may be used for. The bottom line is we handle a wire line emergency the same way we process a wireless emergency.

I realize this is a very complicated issue with each county having its own wire line surcharge; however this issue is not going away and will only become more magnified as time continues. An article in the August 19, 2010 edition of the Indianapolis Star announced that seven universities in Indiana were discontinuing wire line telephones in dormitories. The trend from wire line to wireless has continued to decrease rapidly with no end in site. This is why I am asking for your consideration in resolving this major public safety issue.

Enclosed are attachments that indicate the revenue losses from one of our major wire line providers. Also, enclosed is a July 2010 report of the wireless 911 calls that were received into our center. It should be noted this report does not list all of the incoming calls received on our administrative lines that sometimes turn into emergency calls for service.

If you have any questions please do not hesitate to contact me. I would also like to thank you for serving the State of Indiana.



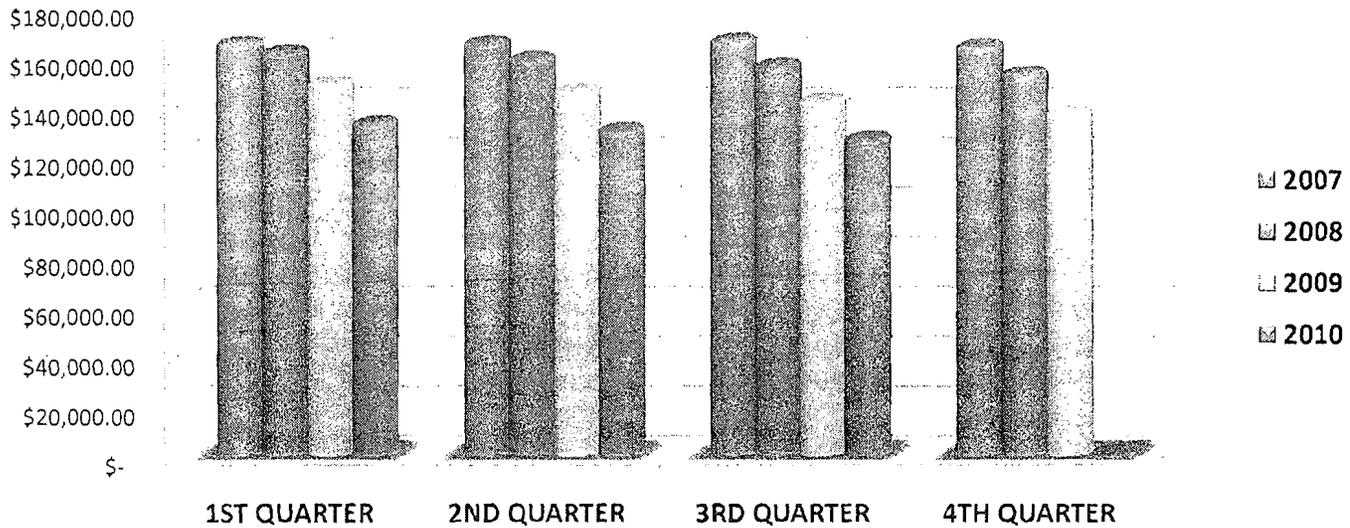
Edward A. Reuter,
Director

BARTHOLOMEW COUNTY

ATT

QUARTLEY REVENUE

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL
2007	\$ 165,277.00	\$ 165,715.00	\$ 166,679.00	\$ 164,528.00	\$ 662,199.00
2008	\$ 161,993.00	\$ 159,530.00	\$ 156,816.00	\$ 153,307.00	\$ 631,646.00
2009	\$ 149,545.00	\$ 146,366.00	\$ 142,638.00	\$ 137,417.00	\$ 575,966.00
2010	\$ 133,543.00	\$ 130,742.00	\$ 127,251.00	\$ -	\$ 391,536.00



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EXHIBIT E



Hendricks County Communications Center
1075 W. Main Street
Plainfield, IN 46168

(317) 838-3560

Dear Co-Chairman Merritt, Co-Chairman Moses, and Members of the Regulatory Flexibility Committee:

My name is Robin Brandgard. I am the President of the Plainfield Town Council and President of the Hendricks County Communications Center Board of Directors. In 2006, 27 local jurisdictions in Hendricks County came together to form one consolidated Public Service Answering Point for the entire County, and in January of 2007, the Hendricks County Communications Center went into operation. Hendricks County led the way by consolidating into one PSAP 7 years before the deadline for counties to adopt consolidated PSAPs. We in Hendricks County are committed to the streamlined, coordinated and efficient provision of emergency communications services and we've walked the walk – in fact, we've been doing it successfully for the past 4 years.

The Center has overcome many challenges (starting with the unlikely and arduous process of getting over 20 local jurisdictions to reach agreement and surrender control over their individual operations) and we've overcome each challenge, except for one: funding.

As this chart demonstrates, the Center's annual budget is 4.4 million, and all existing 911 fees bring in only \$1.7 million county wide – only 40% of what it takes to run ONE PSAP in Hendricks County.

The remaining 60% of our funding comes from property taxes contributed by each participating local jurisdiction. Dispatch Centers had been predominately funded through the entity that operated the Center or through inter-local agreements for payment. This structure of funding no longer works for consolidation, as some entities are paying too much, some not at all and determining the amounts as well as collection is a nightmare.

Hendricks County Communication Center has found efficiencies in consolidation and explored many funding solutions to bring equity to the County. We believe the funding solution can be accomplished with revenue neutral legislation.

911 fees, as currently structured, are based on technology and by definition are insufficient. Technology is changing too fast to accurately capture the ways in which people communicate, including about emergency services with VOIP, text messages, and etc. The days when everyone just had a landline are over and predicting the future of technology is not something that I would want to try. The clearest manifestation of the problem now is lack of parity between

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EXHIBIT F

landline and cell phone E911 fees. Every resident of an E911 service area is subject to being served by police, fire and medical runs regardless whether they have a landline, cell phone, or any other technology. The provision of emergency communications services is really no different than traditional public safety services like police and fire.

For that exact reason, we would respectfully ask the Indiana General Assembly to consider permitting units to establish emergency communications territories. An Emergency Communications Territory would provide for sustainable income that is stable and accountable. A proper initial budget must be established locally that accounts for operations, equipment, software and upgrades. This system would be established on a fee basis, similar to that already established by the 911 fund. Fees would be spread out among all residents of district; thus, it is broader than just landline and cell phone users. Emergency Communication Territories would allow local officials to be accountable for setting and explaining fee. Different communities will want and need different things from emergency communications. This proposal would permit that flexibility and would permit fees to cover all emergency communications activities both operating and capital expenses. Also, the proposed funding solution could provide both a reward for those communities that have already consolidated their PSAPs and as an incentive for those to who have not yet done their consolidation. More importantly, it would allow Hendricks County the opportunity to fund the Center by providing equity to the more than 20 jurisdictions as they face a combined \$7 million revenue loss from the impact of the property tax caps.

Thank you for your time today. I, as well as the Hendricks County Communication Center, appreciate the opportunity to work with the committee as well as the entire legislative body to address emergency communications.

Contact Information:

Robin Brandgard, Governing Board President
rbrandgard@town.plainfield.in.us

Larry Brinker, Executive Director
lbrinker@hccom.org
(317) 850-0512

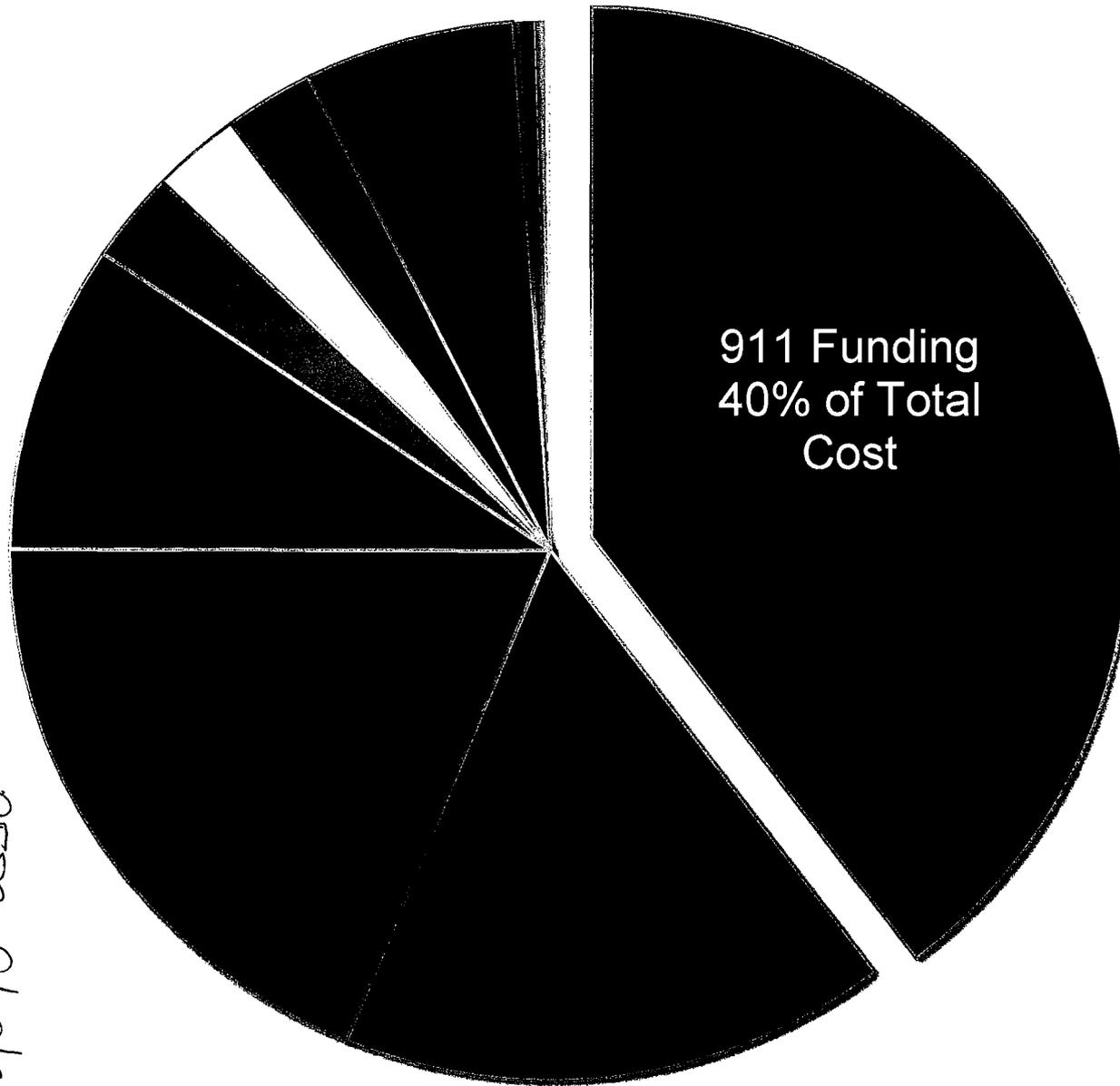
David Whicker, Hendricks Co. Commissioners
dwhicker@co.hendricks.in.us

Michael Graham, Hendricks County Administrator
mgraham@co.hendricks.in.us

Scott Chinn, Attorney-Baker and Daniels LLP
Scott.Chinn@bakerd.com

Mindy Westrick, Government Services Specialist- Baker & Daniels LLP
Mindy.Westrick@bakerd.com

Hendricks County Communications Center Revenue Sources

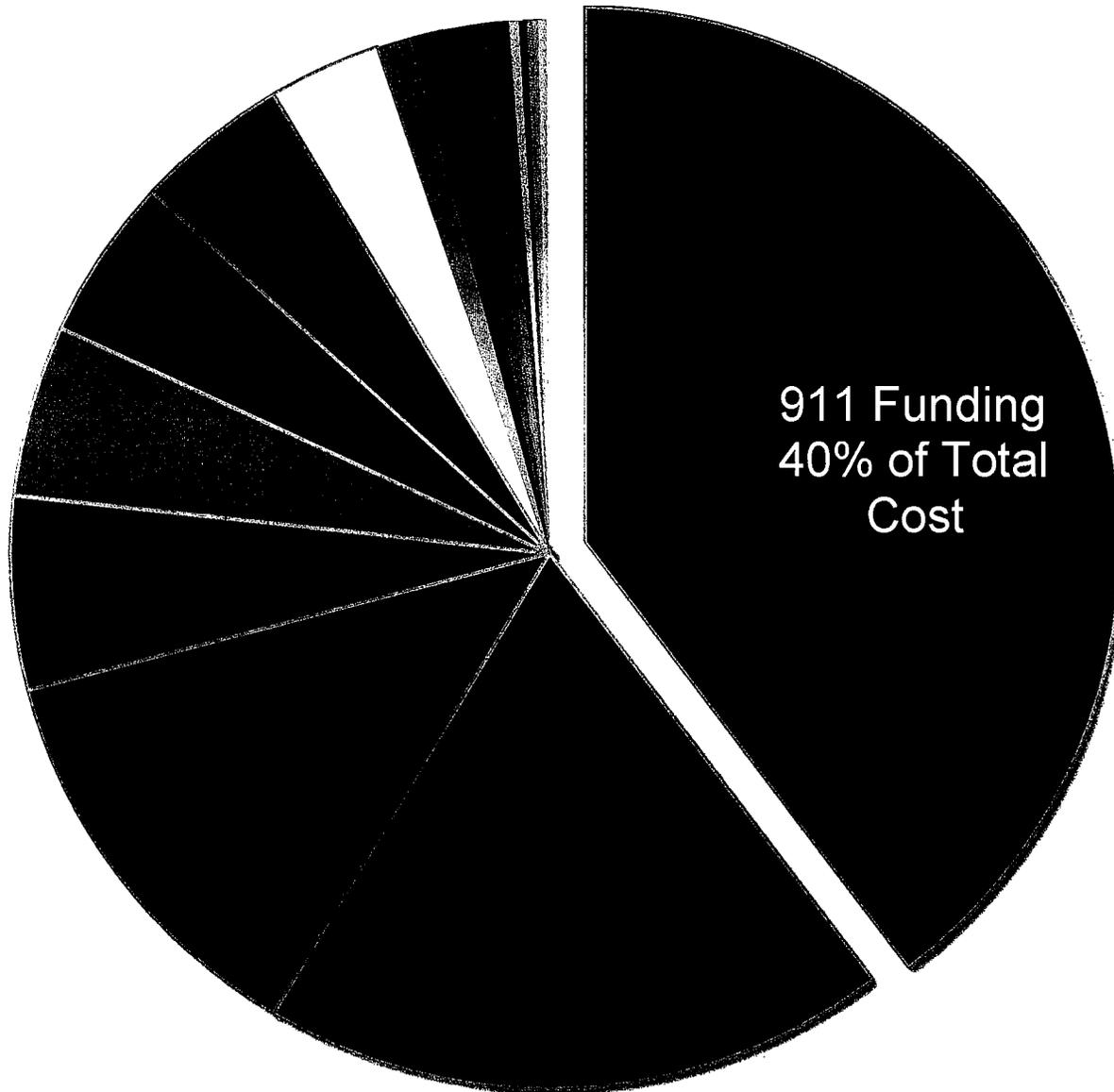


911 Funds	\$ 1,725,000.00
Hendricks Co.	\$718,600.00
Plainfield	\$821,000.00
Brownsburg	\$410,000.00
Lincoln/Brown	\$120,750.00
Avon	\$115,500.00
Washington	\$115,500.00
Danville	\$275,000.00
Pittsboro	\$7,912.00
Middle	\$8,900.00
Lizton	\$2,127.00
Union	\$3,522.00
North Salem	\$1,493.50
Eel River	\$2,984.00
Amo	\$1,622.00
Coatesville	\$1,940.00
Clay	\$3,300.00
Stilesville	\$1,600.00
Franklin	\$3,487.00
Clayton	\$2,236.00
Liberty	\$7,558.00

Total 2011 Proposed Budget \$4,348,606.58 - Current Funding Sources

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EXHIBIT 6

Hendricks County Communications Center Revenue Sources



911 Funds	\$ 1,725,000.00
Hendricks Co.	\$ 821,000.00
Plainfield	\$ 536,684.00
Brownsburg	\$ 254,285.00
Lincoln/Brown	\$ 225,896.00
Washington	\$ 211,863.00
Danville	\$ 201,515.00
Avon	\$ 146,585.00
Liberty	\$ 43,724.00
Middle	\$ 43,535.00
Pittsboro	\$ 31,743.00
Clay	\$ 19,800.00
Eel River	\$ 18,565.00
Union	\$ 16,120.00
Franklin	\$ 12,375.00
Clayton	\$ 10,510.00
North Salem	\$ 8,120.00
Coatesville	\$ 7,250.00
Amo	\$ 5,826.00
Lizton	\$ 4,585.00
Stilesville	\$ 3,625.00

Fair and Equitable Fees by entity based on population - What each entity should be paying

Columbia: Gas supplier's use of name might face challenge

<http://www.dispatch.com/live/content/business/stories/2010/09/24/gas-suppliers-use-of-name-might-face-challenge.html?sid=101>

September 28th, 2010

You may have received a pitch from Columbia Retail Energy in the mail this week. The name and logo are familiar, but this is the start of something new.

Despite the name, the company is not Columbia Gas of Ohio, the longtime natural-gas utility in the area, nor is it affiliated with it. Columbia Retail is operated by IGS Energy, based in Dublin, a gas marketer that operates under Ohio's "choice" program.

Regulators are considering legal challenges to the gas marketer's use of the name, filed by critics who argue the name will mislead customers.

But having two gas companies named "Columbia" is something that's fine with Columbia Gas of Ohio's parent company, Indiana-based NiSource.

NiSource has licensed the "Columbia" name and logo to IGS for an undisclosed sum, on the condition that IGS clearly states on its solicitations that it is not the utility.

The mailing already has raised concerns for some area consumers.

"It doesn't make sense to me," said Pat Mahoney, 82, of Norwich Township, who received a mail solicitation from Columbia Retail.

He wonders why Columbia Gas would allow this to happen and how many customers will buy gas services from Columbia Retail thinking they're dealing with the utility.

"In little fine print, they tell you it's not affiliated," he said.

The Office of the Ohio Consumers' Counsel is asking regulators to intervene as soon as possible and hold the equivalent of a trial to decide whether IGS can use the Columbia Retail name. The request is pending before the Public Utilities Commission of Ohio and might not be resolved for weeks or even months.

A PUCO spokeswoman said that state law doesn't prevent IGS from using the Columbia Retail name for now.

IGS attorneys contend that they are on solid legal ground, saying in a brief filed this month that the Consumers' Counsel's arguments are "tenuous at best."

"There is certainly nothing inappropriate about customers wanting to buy a product with the Columbia name, nor is it inappropriate for IGS to leverage its strengths with the Columbia name," said Mark McHale, an IGS spokesman, in a statement.

Several competing gas suppliers have taken the Consumers' Counsel's side against IGS.

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One of those companies, Border Energy, said in a brief that the new name is "confusing and misleading" and also "positions IGS unfairly in the competitive marketplace."

This week's mailing is the public debut for the Columbia Retail logo, which uses the same type style and the same red starburst dotting the letter "I" that's used by Columbia Gas of Ohio.

While the logo and name might lead to confusion, the mailing is loaded with disclaimers, starting at the top of the first page with this message: "Columbia Retail Energy is not an affiliate of NiSource or Columbia Gas of Ohio."

Karl Brack, a NiSource spokesman, defended the licensing deal.

"We believe this approach is consistent with commodity marketing approaches taken by other utilities and is in alignment with our commitment to provide consumers with more competitive energy choices," he said.

Columbia Gas and IGS are very different in the services they offer and the rules they must follow.

Columbia Gas is the region's rate-regulated utility, selling natural gas and transporting it in a system that is closely monitored by the state. The company's price changes each month, part of a state-supervised process.

IGS is an unregulated gas supplier, one of many that have sprouted up in Ohio since legislators deregulated the gas market beginning in 1990s.

These companies offer a variety of rate plans, including fixed-price contracts. In Columbia Gas' territory, 43percent of customers get their gas from an unregulated supplier, and the rest get it from the utility.

In the recent mailing, the first offer from Columbia Retail is a fixed price of 75cents per 100 cubic feet of gas for the next year.

Customers who lock in the price will be paying more than the utility's current price of 59 cents. But they will save money if the utility's price spikes this winter, when heating costs are highest. Whether that will happen is anyone's guess. The utility's current price is low because of the slow recovery from the economic downturn and abundant gas supplies, factors that could change.

A total of 10 companies are offering fixed-price contracts in central Ohio, according to the PUCO's "Apples to Apples" comparison chart.

Regardless of whether use of the Columbia Retail name is legal, Mahoney thinks it's wrong.

"The first thing you think is, 'What is Columbia Gas doing?'" he said.

dgearino@dispatch.com



Press Releases

May 14, 2009

MADIGAN SECURES \$1 MILLION IN CONSUMER RESTITUTION FROM ALTERNATIVE GAS SUPPLIER FOR DECEPTIVE CLAIMS

Attorney General's Agreement Follows Drafting of a New Law Requiring Stricter Consumer Disclosures and Limiting Early Cancellation Fees

Chicago — Attorney General Lisa Madigan today announced an agreement with U.S. Energy Savings Corp. that will allow hundreds of Illinois consumers to terminate contracts and receive \$1 million in restitution as a result of a lawsuit filed last year alleging that the alternative gas supplier sold fixed-rate gas contracts using misleading sales tactics that falsely promised significant consumer savings.

"My office has received a nearly unprecedented number of calls from consumers who were deceived by false assurances that they would receive significant savings by switching to this alternative gas supplier," Madigan said. "This agreement will help to protect Illinois consumers and ensure that this company provides full, upfront disclosures about its products' terms and conditions so that consumers can make informed decisions."

Madigan's lawsuit alleged that Illinois Energy Savings Corp., which does business as U.S. Energy Savings Corp., sold its "Natural Gas Fixed Price Program" to the participants of Northern Illinois Gas Company's (Nicor) Customer Select and Peoples Energy Choices for YouSM programs with deceptive claims that the fixed-rate program would offer significant savings by locking consumers into a consistent gas price before rates spiked. As part of this sales pitch, however, the company's door-to-door sales representatives failed to disclose that the fixed gas price was actually higher than prices historically offered by regulated utility suppliers such as Nicor. According to Madigan's complaint, consumers were led to believe that they would automatically save money by enrolling in the U.S. Energy Savings' program.

The Attorney General's lawsuit further alleged that U.S. Energy Savings' sales representatives violated the Illinois Consumer Fraud and Deceptive Business Practices Act by failing to disclose the existence of an early termination fee, failing to properly identify themselves as representatives of an alternative natural gas company and failing to obtain consent from the account holder to switch gas suppliers from the regulated utility to an alternative supplier. U.S. Energy Savings denied the allegations in the lawsuit.

Today's agreement requires U.S. Energy Savings to make \$1 million available to pay as restitution to Illinois consumers. Eligible consumers will receive notice of the settlement within 30 days and must submit claim forms to U.S. Energy Savings by Aug. 12, 2009. Also as part of the agreement, U.S. Energy Savings must allow current eligible customers to cancel contracts without paying an early termination fee.

In addition, the agreement prohibits U.S. Energy Savings from using deceptive or unfair practices during the course of soliciting customers for natural gas supply contracts. Under the agreement, during solicitation, in any print materials, on its Web site and in its Welcome Letter for new customers, the company must make clear and conspicuous disclosures regarding: the type of product that consumers will receive, the price for service, terms and conditions of service, and the existence of any early termination fee. U.S. Energy Savings also must clearly disclose that consumers will be leaving their regulated utility company to enroll with the reseller of natural gas. The agreement also places a \$50 cap on the amount that U.S. Energy Savings can charge customers for early termination. Finally, the agreement requires U.S. Energy Savings to investigate and terminate sales representatives who mislead consumers, provide false information during solicitations and forge contracts or agreements.

Since 2005, the Attorney General has filed four lawsuits against alternative gas suppliers, and earlier this year, she drafted and negotiated pro-consumer legislation to regulate the alternative suppliers. The legislation, which was drafted by the

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Attorney General's office and sponsored by Rep. Thomas Holbrook (D-Belleville), Rep. Marlow Colvin (D-Chicago) and Sen. Don Harmon (D-Oak Park), was enacted in April 2009 and requires stricter disclosure practices and limits termination fees.

Specifically, the new law:

- Requires all sales solicitations to clearly disclose the prices, terms and conditions of all products and services;
- Prohibits suppliers from misrepresenting their affiliation with a gas utility, governmental body or consumer group;
- Provides consumers with a right to cancel within 10 days after the gas utility notifies them of the switch and 10 days after the date of the first bill if they find that the service is not as promised;
- Limits early termination fees to \$50 and requires any agreement containing an early termination clause to disclose the total cancellation fee.

Consumers who would like more information about today's agreement or the new law should contact Madigan's Consumer Fraud Bureau at (800) 386-5438.

Assistant Attorney General Christine Nielsen handled the case for Madigan's Consumer Fraud Bureau.

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[Return to May 2009 Press Releases](#)



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**NIPSCO Choice Program
Regulatory Flexibility Committee**

**Frank Shambo
VP, Regulatory and Legislative Affairs
September 28, 2010**

RFSC 9/28/2010 EXHIBIT J

Agenda

- NIPSCO Choice Program Background
- Customer Communication and Education
- Safeguards for Consumers

Origin of NIPSCO Gas Choice Program

- **1985:** Federal Energy Regulatory Commission (FERC) Order 436 provides open access to pipeline transportation. Customers can negotiate directly with suppliers.
- **1992:** FERC Order 636 mandates unbundling of sales services from transportation services, opening markets to competition and providing customers a full choice of providers.

By 1987, 40% of NIPSCO throughput was transportation service to large users

By 1995, nearly 60% of NIPSCO throughput was transportation, including mid-sized industry. But residential and small customers could not participate

NIPSCO Gas Choice Program

- **1995:** Indiana legislature approves alternative regulatory statute (ARP), encouraging the IURC to approve alternatives to traditional regulation under certain standards
- Choice would eventually provide all customers options to buy from the supplier of their choice

NIPSCO files Petition, November 1995 (case-in-chief in August 1996) seeking comprehensive array of competitive services including Choice

Evolution of NIPSCO Choice Program

- **1997** – Approval (40342)
 - 1997 to 2000 Pilot program in South Bend
 - Expanded to System Wide in 2000
 - Choice is subsidized and simplified
 - NIPSCO Competitive products also available (Price Protection Service)
- **2006** – Approval (42800 & 42884)
 - Reduction in Choice Subsidization
 - Protections for GCA customers
- **2010** – Approved March 31 (43837)
 - Subsidies removed
 - Operational changes to avoid GCA customer impacts
 - Creation of Choice Web site to inform customers
 - Changes to Marketer Contracts for greater customer protections



Ongoing Customer Communication

1997- 1998

Introduce Choice to pilot area via community leaders, press releases, editorials, local town meetings.

1999

Expand program to entire service territory. Company wide general education begins via utility bill and media.

2000

Developed strategies and Q & A addressing customer concerns. Educate customers on gas components and new bill redesign.

2001

Focus educational activity around utility bill – messages, newsletters and monthly statement inserts.

2002 - 2003

Focused effort surrounding participating marketer campaigns.

2006

Enhanced web with links to Marketers sites. Initiated door-to-door rules

2010

Redesign Choice bills for comparability and transparency. Include bill inserts re: Choice changes. Web based pricing tool

NIPSCO

Communication Enhancements

Web Site to Offer 'One Stop' Customer Info

- Terms for all available products:
 - Price (and change methodologies)
 - Length of contract
 - Termination fee
- NIPSCO's current GCA rate
- Updated monthly (or more often)
- Contact info for all providers

Launching by October 1, 2010

Qualified Natural Gas Suppliers

Contact our qualified natural gas suppliers to explore your options for natural gas purchases:



Border Energy
Your Supplier Of Choice

Border Energy
www.border-energy.com
1-888-479-4GAS(4427)



CenterPoint Energy
Always There™

CenterPoint Energy
www.centerpointenergy.com/ces
(Commercial/Industrial Only)
1-219-793-1000

Choice Residential Supplier Plans

- Gas commodity prices are per therm.
- Prices on this website subject to change based on market conditions.
- Contact Suppliers to confirm pricing.
- Contact Suppliers for commercial rates.
- **NIPSCO Commodity Price** (per therm): October 2010 (changes monthly) = \$.000
- **NIPSCO Interstate Transportation Storage Charge** (per therm): \$.000
- **NIPSCO Price Protection Service (PPS)**

[Fixed Rate Plans](#) | [Variable Rate Plans](#) | [Variable Capped Rate Plans](#) | [Other](#)

PRICING LAST UPDATED: 09-22-2010

Fixed Rate Plans
The gas commodity portion of this price does not change for the given term of the agreement.

Supplier	Commodity Price (per therm)	Interstate Transportation/Storage Charge (per therm)	Contract Term
Border Energy	\$.000	\$.000	60 month
	\$.000	\$.000	48 month
	\$.000	\$.000	36 month
	\$.000	\$.000	24 month
	\$.000	\$.000	12 month
CenterPoint Energy	\$.000	\$.000	6 month
	\$.000	\$.000	60 month
	\$.000	\$.000	48 month
	\$.000	\$.000	36 month
	\$.000	\$.000	24 month

Safeguarding Consumers

Choice Marketer Requirements

- Must choose to participate in the program
 - NIPSCO does not select marketers for the program
- Must register with the IURC, Secretary of State and NIPSCO
- Must be approved by NIPSCO based on financial strength test
- Must agree to contractual terms specifying behavioral and operational requirements (see appendix)
- Must abide by a code of conduct

Consumer Complaint Rates Very Low

NIPSCO Choice Participation

Complaints low compared to enrollments

	2008 Enrollment	2008 Complaints	Percentage of Enrollment	2009 Enrollments	2009 Complaints	Percentage of Enrollment
Marketer A	12,100	47	0.0039	17,424	91	0.0052
Marketer B	2,148	5	0.0023	2,163	0	0.0000
Marketer C	408	0	0.0000	481	0	0.0000
Marketer D	9,908	76	0.0077	12,251	67	0.0055
Marketer E	22,385	164	0.0073	17,294	231	0.0134
Marketer F	289	8	0.0277	236	5	0.0212
Marketer G	3,890	29	0.0075	3,619	15	0.0041
Marketer H	9,522	25	0.0026	8,753	33	0.0038
Marketer I	205	0	0.0000	220	0	0.0000
Marketer J	31,781	243	0.0076	34,536	151	0.0044
Marketer K	434	1	0.0023	1,726	4	0.0023
Marketer L	10,267	24	0.0023	8,486	9	0.0011
Total	103,337	622	0.0060	107,189	606	0.0057

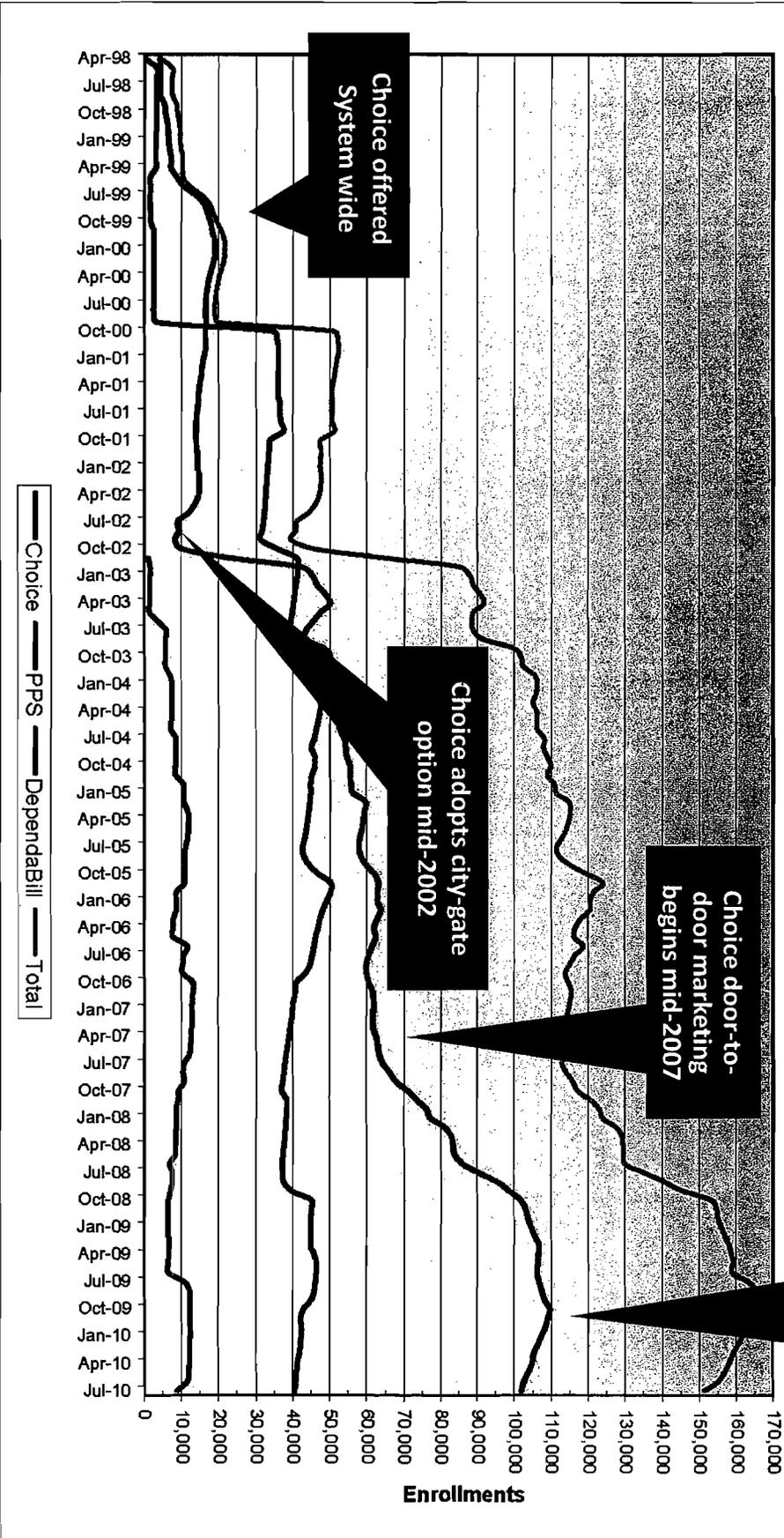
2010 Choice enrollment is 101,584 or 14% of NIPSCO's total customers which are over 714,000. Complaints, through August of 2010, are less than .3% of total enrollment.



APPENDIX

Growing Choice Participation

Choice/PPS/Dependabil Enrollments



Choice offered System wide

Choice adopts city-gate option mid-2002

Choice door-to-door marketing begins mid-2007

Choice enrollment 15% of total NIPSCO customers

Choice PPS Dependabil Total

NIPSCO Operating Under Choice

IURC approves NIPSCO ARP Settlement on October 8, 1997- Cause 40342

- The May, 1997 Collaborative Settlement provided for:
 - Small customer “Choice” on pilot basis
 - Price Protection Service
 - Services for larger customers
 - Gas supply optimization tools
- NIPSCO remains Supplier of Last Resort (SOLR)
- Program expires on December 31, 2004

NIPSCO ARP Settlement extended January 31, 2006 - Causes 42800, 42884

- The July, 2005 Collaborative Settlement provided for:
 - NIPSCO remains SOLR for duration of agreement
 - NIPSCO continues offering “Choice,” PPS and Fixed Gas Bill Rider
 - NIPSCO mitigate costs to non-choice customers by:
 - Guarantee of minimum capacity release revenues to GCA
 - Implementation of interstate pipeline demand cost reduction program
 - Surcharges to Choice customers
 - ARP runs through April 30, 2010

NIPSCO Operating Under Choice (Continued)

NIPSCO ARP Settlement extended March 31, 2010 – Cause No. 43837

- Extends current ARP through March 31, 2012 with following changes:
 - All cost allocations to non-choice customers eliminated
 - Choice marketers allocated upstream capacity/storage capacity on recallable basis
 - NIPSCO's minimum capacity release revenues to GCA has been reduced to \$1.0 Mil. for 1st year and lower of first year actual or \$1.0 Mil. in year 2
 - Choice customer surcharges eliminated
 - Changes in operational requirements including, nominations, on-system banks, transfers among zones
 - Billing of Choice marketers for no-notice service
- Changes to Supplier Aggregation Service (SAS)
- Billing comparability
- Web based pricing tool developed collaboratively
- Customer education

Bill Comparability Project

- Settlement acknowledges benefit of providing Choice-eligible customers comparable pricing between NIPSCO (GCA) and Choice bill.
- Marketers, OUCC and IURC Staff, invited to participate in working group with NIPSCO to develop
 - Redesign of Choice bill
 - Twice a year bill inserts
 - Educational material with Marketer input
 - Web based pricing tool
 - Further collaborative discussions when required
- First bill insert mailed May 1, 2010
- Web based pricing tool live by November 1, 2010

Requirements for Choice Marketers

- Marketers must enter into two year Supplier Aggregation Service (SAS) Agreement
- Marketers must agree to performance requirements which include:
 - Compliance with prescribed enrollment and codes of conduct (more later)
 - Obtain valid enrollment form or telephonic confirmation from customers and retaining information in written, electronic, audio recorded format
 - Confirm customer intent within 5 business days
 - Provide customers 5 business days to rescind any agreement
 - Retain enrollment/cancelation agreements and voice recording for two years subject to IURC, OUCC and NIPSCO review upon request
 - Compliance with all federal, state, county and local ordinances, rules and permitting requirements (example do-not-call lists)
- Marketers review all marketing material/scripts with NIPSCO 10 days prior to use in public domain.
- Marketers must comply with creditworthiness requirements and collateral standards prior to initial marketing and periodically, if necessary, during the program
- Marketers must agree to non-compliance standards

Consequences of Marketer Non-Compliance with SAS

- NIPSCO may terminate agreement
 - In writing, within 5 days, if Marketers fails to provide necessary collateral or payments when due
 - In writing, within 5 days, if Marketers fails to comply with code of conduct requirements
 - In writing, immediately, if NIPSCO believes non-compliance has jeopardized integrity of NIPSCO's system
 - For recurring fraudulent, deceptive, and abusive practices
- Company may remedy breaches other than termination
 - Liquidation of collateral or recovery of damages from Marketers
 - Suspension of enrollment and nullification of contracts
 - Written notice of violation and expectations to cure and deficiency
- If disputes are not resolved between NIPSCO and the Marketer, either party may file formal complaint at the IURC

Marketer Code of Conduct

- Marketers soliciting customers via the telephone
 - Outbound calls limited to M-F: 9:00 am – 8:00 pm, Saturday: 9:00 am – 5:00 pm, Sunday: 12:00 pm – 5:00 pm
 - Voice recordings must be maintained
- Marketers soliciting customers door-to-door
 - Apparel must be neat and display Marketer's name/logo
 - Must carry identification badge
 - Must state clearly the intent of visit
 - Representative must state they are an authorized Marketer
 - Must state they are not affiliated with NIPSCO
 - Must leave behind business card and program brochure
 - All enrollments must be accompanied by written signature
 - Solicitation hours are the same as outbound calls
 - No more than two individuals permitted to solicit at any one time
- All customer complaints received by NIPSCO forwarded to marketer for resolution
 - All complaints can be returned to NIPSCO for review if customers not satisfied with resolution.
 - If Marketer resolution takes too long or is unreasonable, NIPSCO will begin an investigation
 - Following an investigation NIPSCO will provide a written summary of any fraudulent/deceptive/abusive practices to Marketer.
 - Marketer can seek appeal through the IURC, Director of Consumer Affairs

Growth in Choice / Transportation Usage

Therms in Millions

	2002	2003	2004	2005	2006	2007	2008	2009
Residential	651.1	602.4	576.7	583.8	493.2	564.4	580.7	502.4
Commercial	228.9	246.9	230.6	205.0	173.8	178.3	204.9	176.4
Industrial	132.7	141.1	155.7	138.8	127.3	130.1	132.3	131.1
Total Sales	1,012.7	990.4	963.0	927.6	794.3	872.8	917.9	809.9
Choice	72.9	103.7	116.2	147.4	157.7	190.4	222.6	239.8
Transportation	1,384.6	1,342.5	1,409.1	1,383.6	1,394.3	1,466.4	1,462.3	1,333.7
Total Transportation	1,457.5	1,446.2	1,525.3	1,531.0	1,552.0	1,656.8	1,684.9	1,573.5
Total Throughput	2,470.2	2,436.6	2,488.3	2,458.6	2,346.3	2,529.6	2,602.8	2,383.4
Transport / Throughput	59%	59.3%	61.3%	62.3%	66.1%	65.5%	64.7%	66.0%
Choice/ Sales	6.7%	9.5%	10.7%	13.7%	16.6%	17.9%	19.5%	22.8%

 SEARCH

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Section Menu

Our Services

Qualified Natural Gas Suppliers

Contact our qualified natural gas suppliers to explore your options for natural gas purchases:

- Related Links**
- [About the Choice Program](#)
 - [Choice Gas Suppliers](#)
 - [Choice Residential Plans](#)
 - [Choice FAQs](#)
 - [Glossary of Terms](#)



Border Energy
Your Supplier Of Choice
Border Energy
www.border-energy.com
1-888-479-4GAS(4427)



CenterPoint Energy
Always There.[®]
CenterPoint Energy
www.centerpointenergy.com/ces
(Commercial/Industrial Only)
1-219-793-1000



EnergyUSA
A NIPSCO Company
EnergyUSA
www.energyusa-tpe.com
(Commercial/Industrial Only)
1-800-531-1193



IGS Energy
IGS Energy
www.igsenergy.com
1-877-444-7427



Indiana Gas & Electric
Indiana Gas & Electric
www.indianagaselectric.com
1-866-705-1740



Just Energy
Just Energy
www.justenergy.com
1-866-587-8674



MXenergy
MXenergy
www.mxenergy.com
1-800-785-4373



Nordic Energy Services, L.L.C.
Nordic Energy Services
www.nordicenergy-us.com
1-877-808-1022



Realty Energy Services
Realty Energy Services
www.realty.com/site/us.htm
1-860-233-2270 ext. 12



Spark Energy Gas, LP
Spark Energy Gas, LP
www.spark-energy.com
1-877-228-9427



Stand Energy Corporation
Stand Energy
www.stand-energy.com
(Commercial/Industrial Only)
1-800-598-2046



Vectren Source
Vectren Source
www.vectrenenergy.com
1-800-516-6802

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EXHIBIT K

Section Menu

Our Services

Related Links

Choice Residential Supplier Plans

- Gas commodity prices are per therm.
- Prices on this website subject to change based on market conditions.
- Contact Suppliers to confirm pricing.
- Contact Suppliers for commercial rates.
- NIPSCO Commodity Price (per therm): October 2010 (changes monthly) = \$5.000
- NIPSCO Interstate Transportation Storage Charge (per therm): \$0.00
- NIPSCO Price Protection Service (PPS)

- About the Choice Program
- Gas and Suppliers
- Choice Residential Plans
- Choice FAQs
- Glossary of Terms

Fixed Rate Plans | Variable Rate Plans | Variable Cap Plans | Other

PRICING LAST UPDATED: 09-22-2010

Fixed Rate Plans

The gas commodity portion of this price does not change for the given term of the agreement.

	Supplier Commodity Price (per therm)	Interstate Transportation/Storage Charge (per therm)	Contract Term	Early Termination Fee
Border Energy	\$5.000	\$0.000	60 month	\$00.00
	\$5.000	\$0.000	48 month	\$00.00
	\$5.000	\$0.000	36 month	\$00.00
	\$5.000	\$0.000	24 month	\$00.00
	\$5.000	\$0.000	12 month	\$00.00
CenterPoint Energy	\$5.000	\$0.000	60 month	\$00.00
	\$5.000	\$0.000	48 month	\$00.00
	\$5.000	\$0.000	36 month	\$00.00
	\$5.000	\$0.000	24 month	\$00.00
	\$5.000	\$0.000	12 month	\$00.00
Energy USA	\$5.000	\$0.000	60 month	\$00.00
	\$5.000	\$0.000	48 month	\$00.00
	\$5.000	\$0.000	36 month	\$00.00
	\$5.000	\$0.000	24 month	\$00.00
	\$5.000	\$0.000	12 month	\$00.00
IGS Energy	\$5.000	\$0.000	60 month	\$00.00
	\$5.000	\$0.000	48 month	\$00.00
	\$5.000	\$0.000	36 month	\$00.00
	\$5.000	\$0.000	24 month	\$00.00
	\$5.000	\$0.000	12 month	\$00.00
ING&E	\$5.000	\$0.000	60 month	\$00.00
	\$5.000	\$0.000	48 month	\$00.00
	\$5.000	\$0.000	36 month	\$00.00
	\$5.000	\$0.000	24 month	\$00.00
	\$5.000	\$0.000	12 month	\$00.00
Just Energy	\$5.000	\$0.000	60 month	\$00.00
	\$5.000	\$0.000	48 month	\$00.00
	\$5.000	\$0.000	36 month	\$00.00
	\$5.000	\$0.000	24 month	\$00.00
	\$5.000	\$0.000	12 month	\$00.00
MXenergy	\$5.000	\$0.000	60 month	\$00.00
	\$5.000	\$0.000	48 month	\$00.00
	\$5.000	\$0.000	36 month	\$00.00
	\$5.000	\$0.000	24 month	\$00.00
	\$5.000	\$0.000	12 month	\$00.00
Nordic	\$5.000	\$0.000	60 month	\$00.00
	\$5.000	\$0.000	48 month	\$00.00
	\$5.000	\$0.000	36 month	\$00.00
	\$5.000	\$0.000	24 month	\$00.00
	\$5.000	\$0.000	12 month	\$00.00
Realty Energy Services	\$5.000	\$0.000	60 month	\$00.00
	\$5.000	\$0.000	48 month	\$00.00
	\$5.000	\$0.000	36 month	\$00.00
	\$5.000	\$0.000	24 month	\$00.00
	\$5.000	\$0.000	12 month	\$00.00
Spark Energy Gas	\$5.000	\$0.000	60 month	\$00.00
	\$5.000	\$0.000	48 month	\$00.00
	\$5.000	\$0.000	36 month	\$00.00
	\$5.000	\$0.000	24 month	\$00.00
	\$5.000	\$0.000	12 month	\$00.00
Stand Energy	\$5.000	\$0.000	60 month	\$00.00
	\$5.000	\$0.000	48 month	\$00.00
	\$5.000	\$0.000	36 month	\$00.00
	\$5.000	\$0.000	24 month	\$00.00
	\$5.000	\$0.000	12 month	\$00.00
Vectren Source	\$5.000	\$0.000	60 month	\$00.00
	\$5.000	\$0.000	48 month	\$00.00
	\$5.000	\$0.000	36 month	\$00.00
	\$5.000	\$0.000	24 month	\$00.00
	\$5.000	\$0.000	12 month	\$00.00

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Fixed Rate Plans | Variable Rate Plans | Variable Contract Rate Plans | Other

PRICING LAST UPDATED: 09-22-2010

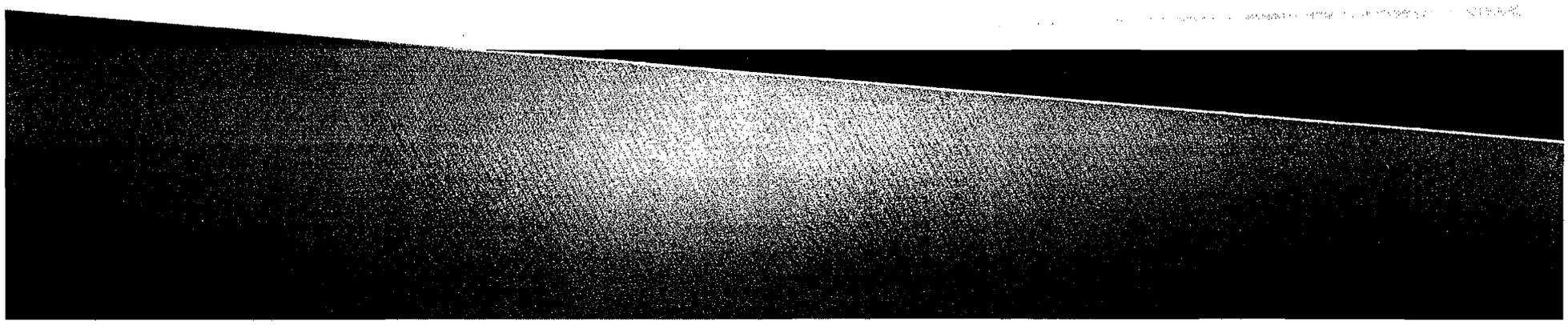
Variable Rate Plans

The gas commodity portion of this price changes on a month-to-month basis. The price listed is for the first month of the contract.

	Supplier Commodity Price (per therm)	Interstate Transportation/Storage Charge (per therm)	Contract Term	Early Termination Fee
Border Energy	\$0.000	\$0.000	60 month	\$00.00
	\$0.000	\$0.000	48 month	\$00.00
	\$0.000	\$0.000	36 month	\$00.00
	\$0.000	\$0.000	24 month	\$00.00
	\$0.000	\$0.000	12 month	\$00.00
CenterPoint Energy	\$0.000	\$0.000	60 month	\$00.00
	\$0.000	\$0.000	48 month	\$00.00
	\$0.000	\$0.000	36 month	\$00.00
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Energy USA	\$0.000	\$0.000	60 month	\$00.00
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	\$0.000	\$0.000	48 month	\$00.00
	\$0.000	\$0.000	36 month	\$00.00
	\$0.000	\$0.000	24 month	\$00.00
	\$0.000	\$0.000	12 month	\$00.00
ING&E	\$0.000	\$0.000	60 month	\$00.00
	\$0.000	\$0.000	48 month	\$00.00
	\$0.000	\$0.000	36 month	\$00.00
	\$0.000	\$0.000	24 month	\$00.00
	\$0.000	\$0.000	12 month	\$00.00
Just Energy	\$0.000	\$0.000	60 month	\$00.00
	\$0.000	\$0.000	48 month	\$00.00
	\$0.000	\$0.000	36 month	\$00.00
	\$0.000	\$0.000	24 month	\$00.00
	\$0.000	\$0.000	12 month	\$00.00
MXenergy	\$0.000	\$0.000	60 month	\$00.00
	\$0.000	\$0.000	48 month	\$00.00
	\$0.000	\$0.000	36 month	\$00.00
	\$0.000	\$0.000	24 month	\$00.00
	\$0.000	\$0.000	12 month	\$00.00
Nordic	\$0.000	\$0.000	60 month	\$00.00
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	\$0.000	\$0.000	48 month	\$00.00
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	\$0.000	\$0.000	24 month	\$00.00
	\$0.000	\$0.000	12 month	\$00.00
Spark Energy Gas	\$0.000	\$0.000	60 month	\$00.00
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	\$0.000	\$0.000	36 month	\$00.00
	\$0.000	\$0.000	24 month	\$00.00
	\$0.000	\$0.000	12 month	\$00.00

Retail Natural Gas Competition Empowering Indiana Consumers Through Natural Gas Choice

RFSC 9/28/10
EXHIBIT L



Residential Retail Competition: Empowerment of Consumers

- ▶ Presentation by Vincent A. Parisi, IGS Energy General Counsel on behalf of Retail Gas Suppliers
 - Background on IGS Energy
 - Dublin Ohio based company
 - 21 years in business, began as traditional transportation supplier as a family owned business
 - Over a decade ago entered into choice markets to bring the benefits of competition to residential consumers
 - Entered first residential retail natural gas pilot programs in 1997
 - Today, IGS Energy serves over 850,000 residential households in 7 states in 17 utility territories
 - This includes relatively recent entry into the Indiana NIPSCO market, 2008.
 - IGS Energy continues to be a privately held company, with over 200 employees, committed to consumer satisfaction, sustainable growth of retail natural gas markets for residential and commercial consumers and providing consumer driven benefits to the market.
- ▶ The Market
 - Many suppliers stand ready to provide additional support, including:
 - Vectren Source, Border Energy, Realgy, Nordic Energy, Just Energy, US Gas & Electric, CenterPoint, MXEnergy and Spark.



Ohio

Columbia Gas of Ohio

Dominion East Ohio

Vectren

Duke Energy

The Energy Cooperative

Michigan

Consumers

MichCon

New York

Central Hudson

National Grid

National Fuel of New York

Kentucky

Columbia Gas of Kentucky

Pennsylvania

Columbia Gas of Pennsylvania

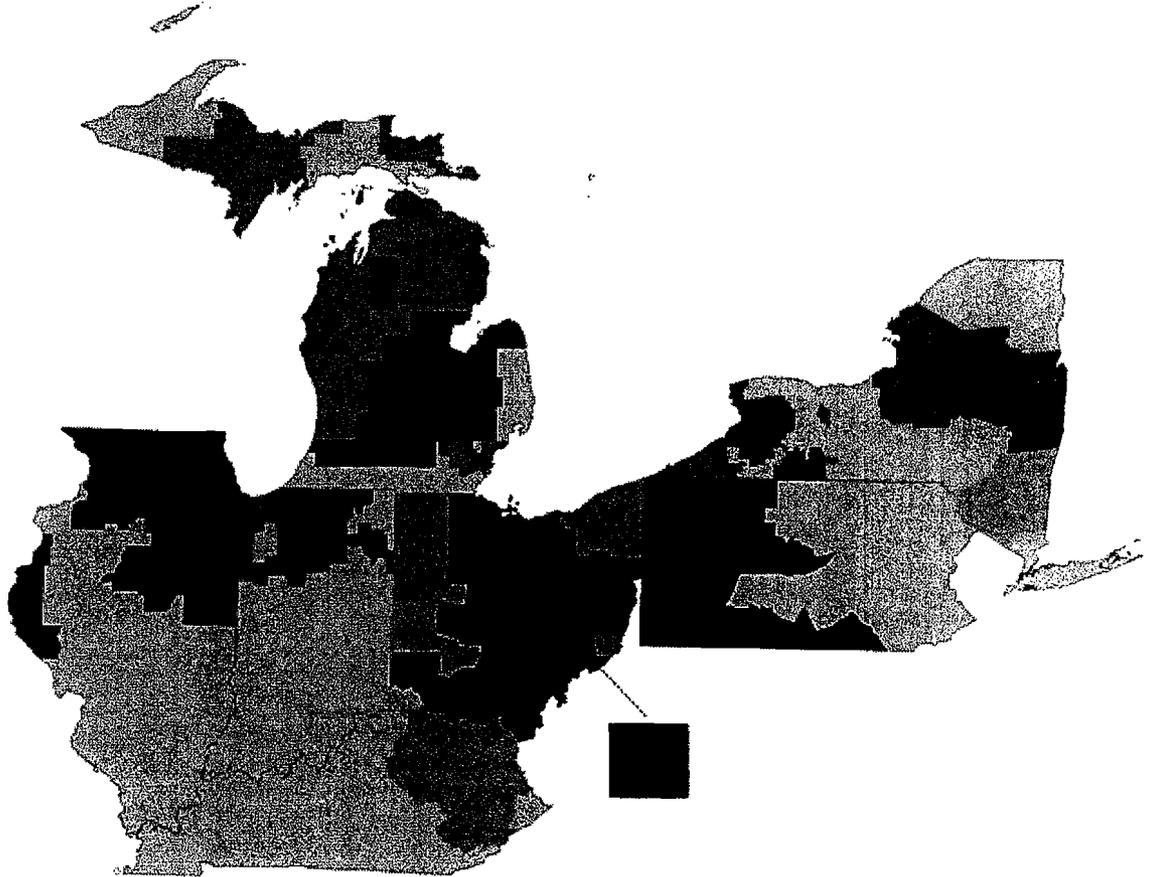
National Fuel of Pennsylvania

Illinois

Nicor Gas

Indiana

NIPSCO



Focus on Residential and Small Commercial Choice

- ▶ **Utility supply service**
 - Single provider
 - Price set by utility, which is estimated then reconciled to actual
 - Complicated pricing
 - Risk to the utility
 - Lack of transparency
 - Subject to Commission revision
 - Utility sets price
- ▶ **Supplier supply service**
 - Multiple providers
 - Price set by market
 - Supplier bears risk
 - Subject to consumer protection rules

Transparent, market based pricing

Supplier bears risks

Subject to consumer protection rules

Focus on Residential and Small Commercial Choice

- ▶ **Traditional**
 - Larger volume
 - Process load
 - flatter load not subject to weather risk
 - Individual contracts
 - Needs are more traditionally defined
 - Utilize interruptible capacity
- ▶ **Commercial**
 - Multiple transactions
 - Utilize interruptible capacity, ensure customer flow
 - Suppliers subject to stringent utility and Commission requirements

Retail Choice EIA Statistics

Consumer Choice: Energy Information Administration Statistics

➤ Present Status:

- Mass Market Gas Choice: Overall, nearly 15 percent or about 5.1 million of the approximately 35 million residential natural gas consumers with access to choice were buying natural gas from marketers as of December 2009. This shows about a 9% increase in participation (gas only) 2008 to 2009 and is the 4th consecutive year showing growth. 21 states and DC have programs, although until recently only a few programs had fully or significantly developed programs available statewide (OH, GA, NY, MI). Recent changes in the Indiana NIPSCO program demonstrates a continued focus on consumers and providing choices to residential and small commercial consumers.
- 21 States and DC have "Choice" programs, although about a dozen have active programs. Ohio has the largest number of shopping customers, @1.8MM, Georgia second with 1.5MM households. New York and Michigan have approximately 800,000 and 400,000 respectively.
- Ohio: 3 of 4 utilities eliminating GCR for competitive transparent prices

▶ Competition:

- There are approximately 110 competitors in the gas markets, of which 34 are active in multiple states, 6 active in at least 4 States, with 1 active and licensed in 10 states.

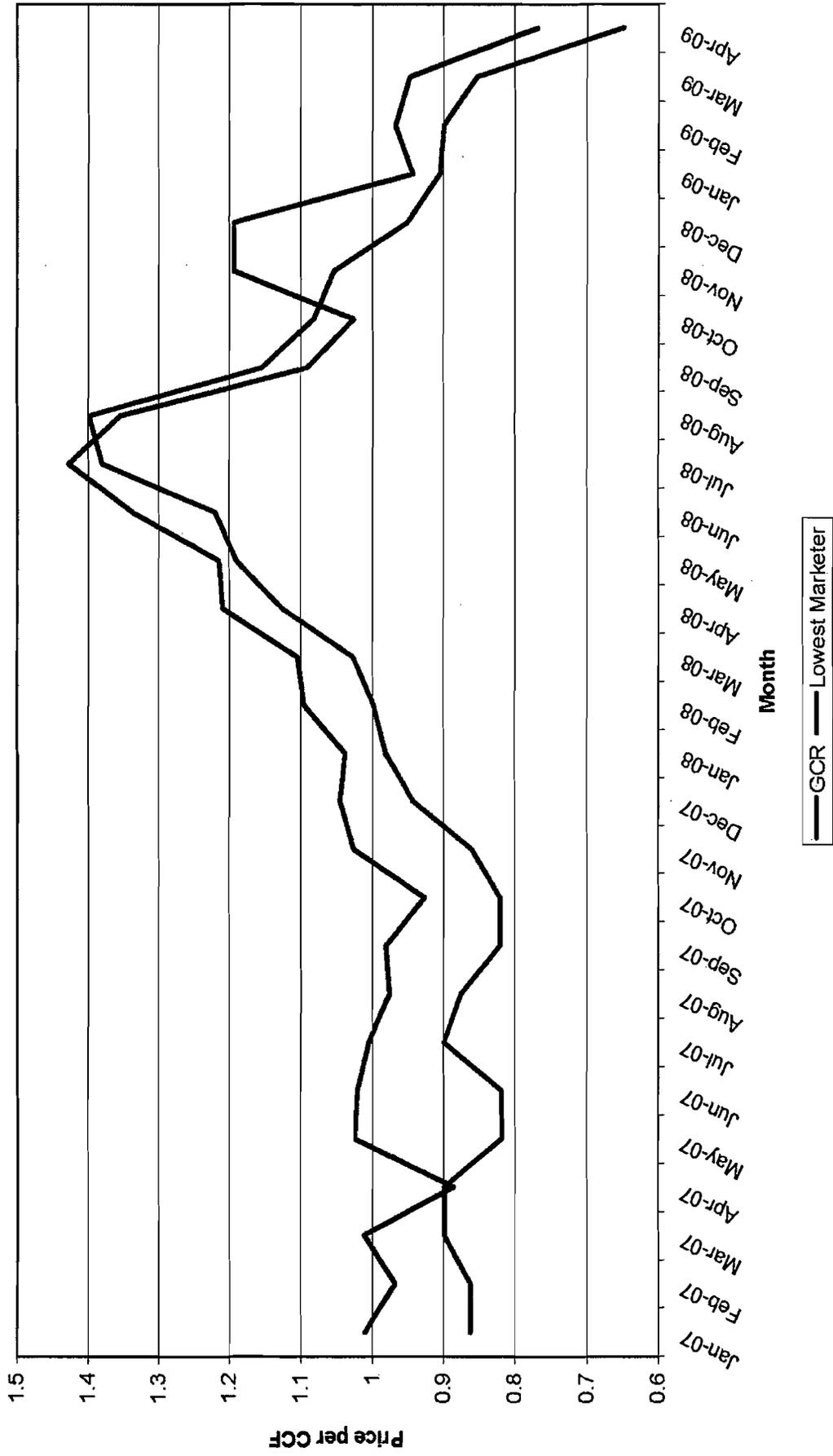
Benefits of Choice

- ▶ Consumers expectations and needs drive the market
- ▶ Enhanced information available to help educate consumers about their choices
- ▶ Variety of natural gas products available
- ▶ Multiple prices offered
- ▶ Multitude of approved providers from which consumers can choose who supplies their natural gas
- ▶ Opportunity for savings
- ▶ Stability in pricing
- ▶ Transparent prices
- ▶ Risk mitigation
- ▶ Consumers have control over what price and products fit their individual needs

Types of Products Offered

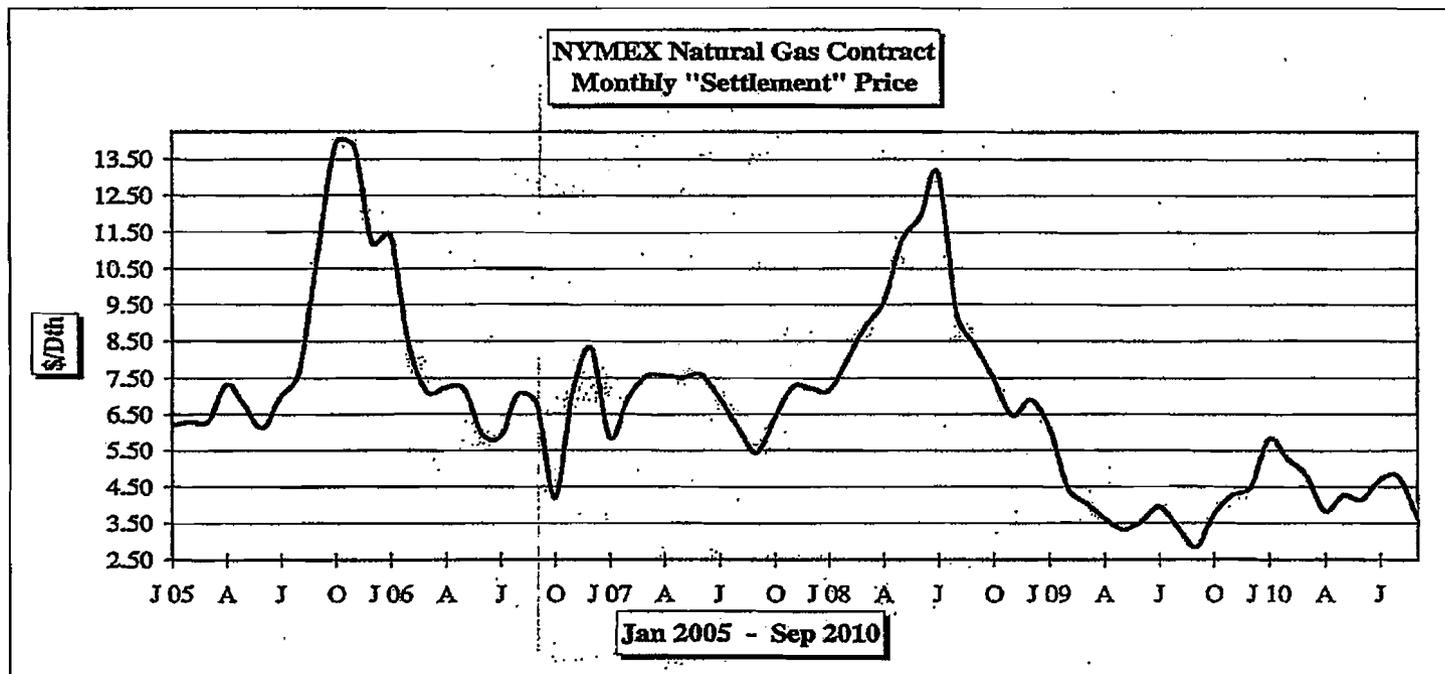
- ▶ Fixed Prices
- ▶ Variable Prices
- ▶ Caps
- ▶ Collars
- ▶ Summer/Winter prices
- ▶ Variety of length of terms
- ▶ Affinity group pricing
- ▶ Additional products and services

Lowest Monthly Marketer Variable Price Compared to GCR



NYMEX - NATURAL GAS CONTRACT SETTLEMENT PRICE HISTORY

<u>YEAR</u>	<u>Monthly Settlement Price</u>												
	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>YR AVG</u>
2005	6.213	6.288	6.304	7.323	6.748	6.123	6.976	7.647	10.847	13.907	13.832	11.180	8.616
2006	11.431	8.400	7.112	7.233	7.198	5.925	5.887	7.042	6.816	4.201	7.153	8.318	7.226
2007	5.838	6.917	7.547	7.558	7.508	7.591	6.929	6.110	5.430	6.423	7.269	7.203	6.860
2008	7.172	7.996	8.930	9.578	11.280	11.916	13.105	9.217	8.394	7.472	6.469	6.888	9.035
2009	6.136	4.476	4.056	3.631	3.321	3.538	3.949	3.379	2.843	3.730	4.289	4.486	3.986
2010	5.814	5.274	4.816	3.842	4.271	4.155	4.717	4.774	3.651				4.590



Why would consumers choose stability over savings?

Natural gas is one of the most volatile priced commodities. The most watched index for gas prices is the New York Mercantile Exchange. In the past several years gas has sold for an average annual cost of \$6.8060 per Dth in 2007 jumped 32% to \$9.035 per Dth in 2008, only to drop some threefold to \$3.986 in 2009. Since gas prices are so volatile year to year it is not meaningful to compare gas that is bought on a fixed price for year or more with gas purchased with variable pricing. The New York Mercantile Exchange does present a market where a producer can sell and a consumer can fix a price out several years. If one had fixed a price by buying futures on the New York Mercantile Exchange for the three years starting in 2002 for the calendar years 2002-2004, they would have amassed a considerable savings, for the price of natural gas generally went up during that period vis a vis the price that futures could have been purchased for. The same dynamic worked in reverse in 2008 for the years 2008, 2009 and thus far for 2010.

In sum, looking at the spikes and valleys that make up gas pricing it is fair to say that a comparison of fixed prices to variable prices over a short time period is not indicative of whether buying fixed price or buying variable price is better. It only indicates the short term trend of the market. Thus, any reference to "savings" statistics, or lack thereof only demonstrates a fundamental misunderstanding of the nature of fixed prices (and the value proposition presented by such products) and how those will "compare" to variable prices or regulated rates.

Consumer Protection Rules

- ▶ Utility review of all marketing materials
- ▶ Utility review of contracts
- ▶ 10 days to review
- ▶ 5 business day right to rescind enrollment
- ▶ Customer can leave at anytime, subject to cancellation fee (if applicable)
- ▶ Strong relationship interaction with consumers

Overview of Supplier Requirements to Serve

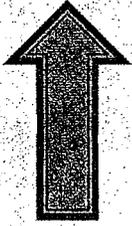
- ▶ NIPSCO application process
 - Financial, technical and managerial capabilities
 - NIPSCO received applications from interested suppliers
 - Reviews capabilities to interact with utility, consumers and financial ability to provide services
 - After review, accepts, rejects or conditionally accepts application
 - Credit requirements
 - Supplier posts collateral with NIPSCO once approved, which is adjusted seasonally for increases and decreases in customer count and seasonal risk
 - Supplier must also meet pipeline companies credit requirements to be assigned assets

- ▶ Commission Affidavit and Supervision
 - Warrant capability to perform with the Commission after meeting NIPSCO requirements

Retail competition empowers consumers

Consumers benefit every day from open competitive markets. The decisions we make about what we eat and drink, form of transportation we take (car, bus, bike, walk, taxi, other), cloths we wear, and even what and where we call home are all decisions we are able to make because we have open, competitive markets for food, clothing, shelter and transportation. The same should be true for natural gas. Competition empowers consumers to make choices. Every consumer should have the opportunity to choose where and how to spend the money we all work hard to earn.

Traditional Transportation



- ▲ Federal laws freed production eliminating opening Pipelines. This Supply Management Open large industrial customers to centrally among many locations.
- ▲ Permitted the fixing of prices into the future.
- ▲ Natural gas is an commodity Using hedging and an industrial customer price certainty significant business risk, where natural gas is a significant component of the cost of the finished goods.

▲ Federal laws freed production eliminating opening Pipelines. This Supply Management Open large industrial customers to centrally among many locations.

History of Gas Transportation

1970s

Transportation of Ohio Production

1980s

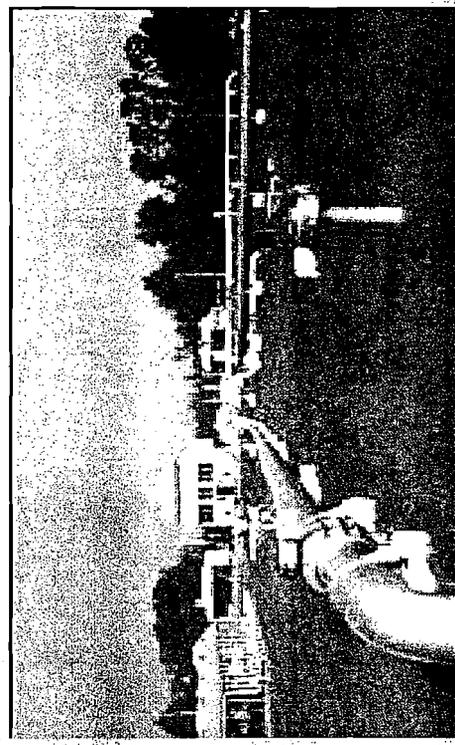
Interstate Transportation

1990s

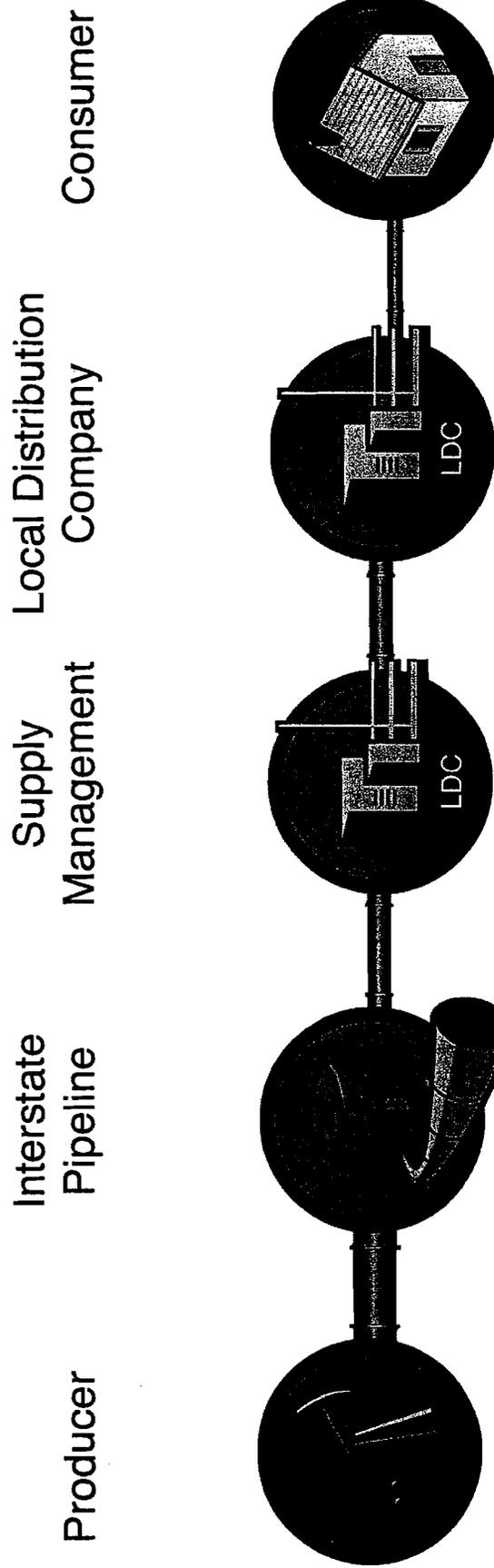
Expanded Gas Pooling Services Options

2000s

Energy Choice System-Wide Expansion Merchant Function Exit?



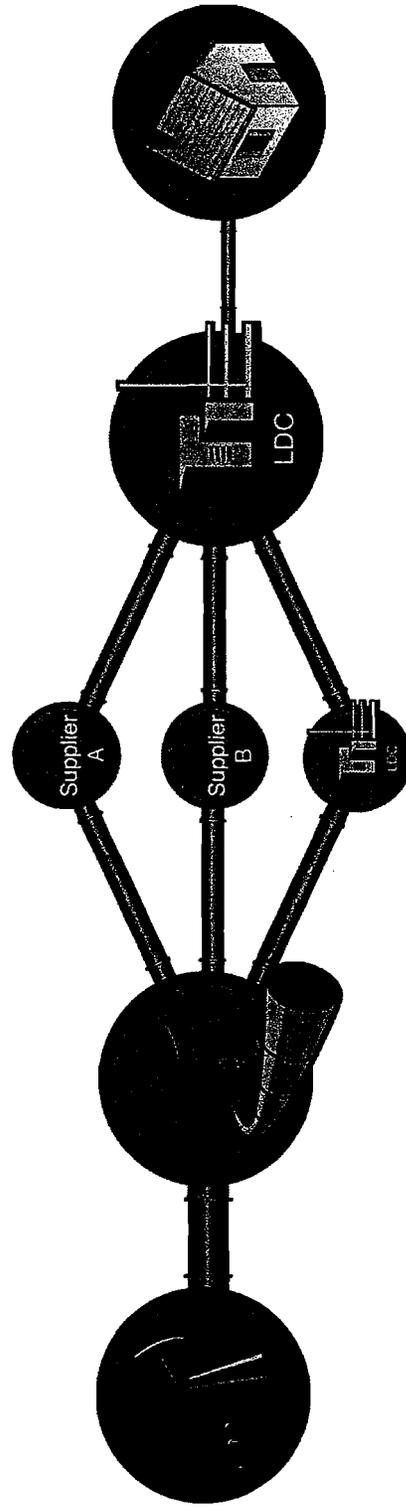
Historic Model



Competitive Model

Producer Interstate Pipeline Supply Management Local Distribution Company Consumer

Choose One



Focus on Residential and Small Commercial Choice Programs

- ▶ Residential Choice began to develop in the late 1990s
- ▶ Purpose was to allow the smaller consumers of natural gas to have the same access to choice as larger industrial and commercial had for decades
- ▶ Although similar in many ways, active and easily accessible wholesale markets, supply sources and interstate pipelines, Choice for customers at the lower consumption levels requires more attention on systems infrastructure

Retail Choice: Indiana

NIPSCO Program

- Utility ARP
 - Evolved through a series of stakeholder discussions wherein the participants negotiate terms of the program
 - Stakeholders consist of OUCC, Utility, Suppliers
 - Commission review and approval process
 - Negotiated terms presented to IURC for review, comments and consideration
- ARP as an Evolutionary Process
 - Latest revisions 2010 process

2010 NIPSCO ARP Highlights

- ▶ Eliminated Stranded Costs with assignment capacity and storage assets
- ▶ Created equity among suppliers and the Utility on access to assets and associated costs
- ▶ Extended choice for consumers
- ▶ Revised Supplier Aggregation Services Agreement (SAS)
- ▶ Updated credit criteria
- ▶ Confirmed commitment to residential choice
- ▶ Commission directed development of consumer website for easy access to information
- ▶ Enhanced contracts with disclosure box to contain significant contract information

A note on the benefits:

With Choice, consumers decide what is best for them. Some want stability of pricing, others want to track the market.

Fixed prices provide stability and may be lower or higher than the regulated alternative, or other competitive variable priced products

CHOICE CUSTOMER TESTIMONIALS

Customer names will be provided to Committee Members on request

We, here at [School District], appreciate the fact that with the choice program we have an option for purchasing of natural gas. It has been a very positive experience in, not only budgeting, but also in long-run cost savings. In addition, the expertise of CenterPoint Energy people in advising the co-operative has been invaluable.

Administrative Assistant of Business

School District – Zone A NIPSCO Choice

Member of NEC (North Central Energy Cooperative) School Consortium consisting of 31 school districts across the NIPSCO Choice service territory

I have been a customer of CenterPoint Energy and the NIPSCO Choice program for over three years. I am extremely satisfied with the benefits the program has provided. For me, the ability to personally manage my purchasing strategy to meet my usage patterns and to make my budget values is crucial in helping to ensure profitability of our facilities. CenterPoint has been critical in supporting the Choice program and has continually provided superior customer service in all facets of the Choice program. The options and solutions Centerpoint has provided have enhanced the financial success of our facilities in the NIPSCO region.

Manager-Energy Supply
Global Retail Department Store
31 stores in NIPSCO Choice program

[School District] corporation uses the Choice program through a joint venture with several other school corporation. The major benefit of the program is cooperative purchasing and the ability to purchase hedge contracts with allow us to budget for our natural gas purchasing several years in advance. This allow us to plan other expenditures in our capital projects fund and general fund with added certainty.

We are very pleased with the service we receive from Center Point particularly purchasing advise and budget planning and we hope that this option continues.

Director of Finance and Capital Projects
School Corporation – Zone A NIPSCO Choice
Member of NEC (North Central Energy Cooperative) School Consortium consisting of 31 school districts across the NIPSCO Choice service territory

I just want to add my opinion that the natural gas Choice Program has been a great tool for [School District]. Having a choice in who we buy natural gas from has caused us to be more informed about the energy industry which is very good for any consumer. The Choice Program has also enhanced our efforts to pool multiple schools into our natural gas buying cooperative. Working together we are better able to manage scarce resources. Especially in this economy that is very important.

Assistant Superintendent

School District – Zone A NIPSCO Choice

Member of NEC (North Central Energy Cooperative) School Consortium consisting of 31 school districts across the NIPSCO Choice service territory

To whom it may concern:

[Customer] has used the Choice program since November of 2006. We have been very pleased with the results of using this program. Our account representative, [account representative], is very knowledgeable regarding the future rates and has assisted us in our decisions as to when it might be more beneficial to fix a rate or keep the variable rates for periods of time. We receive weekly reports with great detail about future prices. [Account representative] has been very responsive and attentive to our needs.

Chief Financial Officer
Industrial Customer – NIPSCO Zone A

We have participated in the NIPSCO "Choice Program" for many years and feel that it is a benefit to the customer. Over the years as natural gas costs have increased it has forced business like ours to make adjustments in our operating cost in order to stay competitive in our highly competitive industry. By working with a supplier we are able to take advantage of different pricing strategies to help us manage our natural gas costs which in turn helps control one of our biggest operating expenses.

In closing, our company feels strongly in the benefits of NIPSCO "Customer Choice Program" and we would like to see it continue for many years to come.

Large Property Manager in the NIPSCO service territory.

We have been a business partner with Border Energy for roughly five years. During all but the past eight months, I have been the person responsible for managing our company's natural gas purchases and related budget planning. Our work with Border Energy and the NIPSCO Choice Program has allowed me to successfully execute the following:

Mitigate risk due to market volatility

Though NIPSCO provides direct in-house purchasing programs, I do not regard them as acceptably flexible. The Choice Program and Border Energy specifically provided me daily readings from the marketplace and more detailed information upon request that allowed me to make sound business decisions for my company. I could run short or long, buy or stay put at my choice. This flexibility is enormously valuable to a purchasing professional.

Control costs and remain within budget

Working with Border Energy, I was able to build not only annual budgets for natural gas, but month by month spends as well. Through the years I was able to manage our natural gas business and remain extremely accurate as compared to budgeted expenses. My purchase choices kept our spending sharp and lean. In today's business environment, anything outside of those parameters is waste. And waste is not tolerated. The strict adherence to budget aided finance to manage cash flow as it relates to this utility. This is another significant benefit to our organization.

Manage risk with the flexibility to change our procurement strategy based upon market conditions and changing business objectives

The best plans in today's business environment are regularly met with rapidly evolving commodity market conditions. Add to that the volatility found in keeping business objectives in line with our own product markets and penetration strategies, and tools to manage risk rise toward the top of the value scale. NIPSCO's Choice program and Border Energy is a proven tool for use in managing the risk inherent in the natural gas commodity.

Recreational Vehicle Manufacturer in the NIPSCO service territory

I have been involved with a Choice energy program to supply my natural gas requirements for two years. I have a very small business and am extremely cost conscious of my operating expenses. I am of the opinion the Choice program offers me the services I need at the least cost I have been able to find.

Picture Framing Service in the NIPSCO service territory

The CHOICE program helps me with my budgeting. Before, I always felt I was held up in a monopoly and didn't have a choice and now I do.

Residential Customer, Leesburg, Indiana