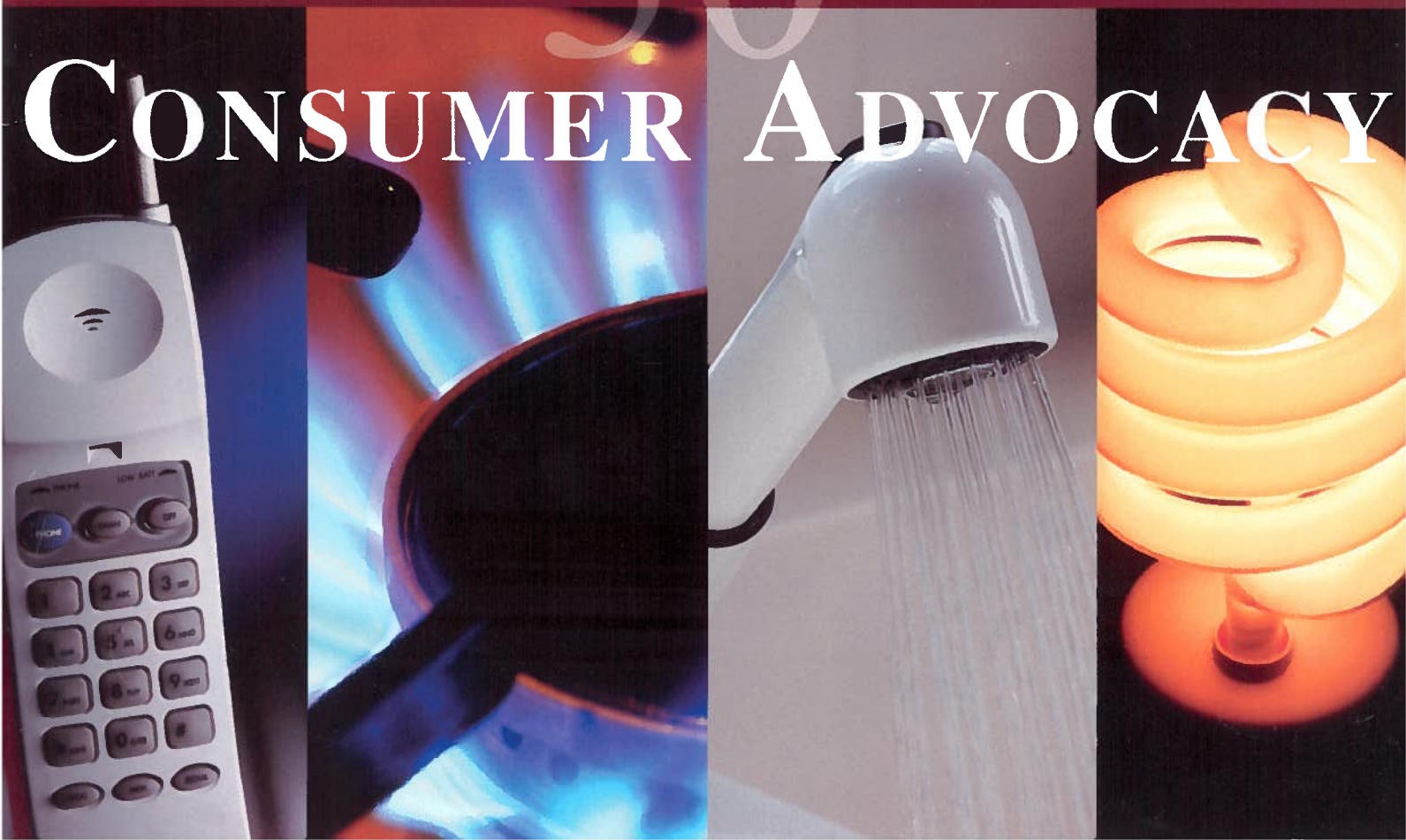


# CELEBRATING

1976 ♦ *thirty years of* ♦ 2006



# CONSUMER ADVOCACY



## **Our Mission**

The OCC advocates for Ohio's residential utility consumers through representation and education in a variety of forums.

## **Our Vision**

Informed consumers able to choose among a variety of affordable, quality utility services with options to control and customize their utility usage.

## **Core Values**

### **Justice**

We will advocate for what is fair for Ohio's residential utility consumers.

### **Respect**

We will treat each other, our partners and the public with consideration and appreciation.

### **Communications**

We will share information and ideas to contribute to the making of optimal decisions by our colleagues and ourselves.

### **Excellence**

We will produce work that is high quality and we will strive to continuously improve our services.

### **Integrity**

We will conduct ourselves in a manner consistent with the highest ethical standards.

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*The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, was created in 1976 by the Ohio General Assembly. The OCC represents the interests of the residential customers of Ohio's investor-owned electric, natural gas, telephone and water companies.*

*The primary role of the OCC is to participate in legal proceedings in both state and federal courts and administrative agencies, such as the Public Utilities Commission of Ohio, the Federal Energy Regulatory Commission, the Federal Communications Commission and the Supreme Court of Ohio. The OCC also educates consumers and provides information about their utility services.*

1976

Law was enacted in 1976 to create the Office of the Ohio Consumers' Counsel.

1977

William Spratley, 30, was appointed the first Consumers' Counsel.

1978

Residential utility consumers' bill of rights adopted by OCC Governing Board.

# CONSUMERS' COUNSEL MESSAGE

The year 2006 marked the 30th anniversary of the Office of the Ohio Consumers' Counsel (OCC). It was in 1976 that U.S. Senator Sherrod Brown, who then was a freshman state representative, brought forward a bill in the Ohio General Assembly that would create an office specifically dedicated to serving as an advocate and representing the interests of residential utility customers in regulatory proceedings and in the courts. In the wake of an energy crisis and rising utility prices, the legislature had the foresight to understand the need for an office that would protect, educate and advocate for residential utility customers.



This past year had special significance to me because I had the pleasure of serving as a staff member and later as a young attorney during the early days of the office – from 1977 through 1984 – only to come back to lead the agency as Consumers' Counsel in 2004.

Even though the utility environment has changed greatly over the past three decades, the OCC continues its mission to advocate for fair and reasonable rates, ensure that consumer protections are in place, and support the development of a competitive marketplace that provides consumers with a variety of suppliers and service options.

Through our advocacy over the past year, the OCC has received favorable rulings on three electric rate plan cases at the Supreme Court of Ohio; helped reduce the maximum amount companies could increase the price of basic local telephone service; supported implementation of consumer protection rules for natural gas customers; and negotiated a green power option for customers of Duke Energy. Also, the OCC moved forward a proposal that could help design an affordable and environmentally sound energy future for Ohio.

It remains a prominent part of our goals to continue presenting options for improving the overall package of utility services available to residential consumers. A sustainable and affordable energy future must keep prices reasonable and establish programs to empower consumers to manage their energy usage. The OCC has proposed that Ohio adopt a diversified energy plan, which would open the door to relying on alternative fuel sources and energy efficiency along with traditional sources of supply. By supporting this type of plan, the OCC is encouraging the development of the necessary tools and options to benefit customers in the short and long run. This is critical to fulfilling our vision of informed consumers who can take control of their energy usage.

Throughout the process of accomplishing our mission and vision, the OCC is dedicated to actively working with industry leaders, policy makers and other stakeholders to facilitate a healthier utility environment for consumers. I have fond memories of the benefits we have achieved in the past and I look forward to the work we will accomplish in the years ahead.

*Janine T. Myden-Ostrander*

1980

Action by the OCC resulted in disconnection standards for all utility companies.

1983

Played a significant role in the creation of the Percentage of Income Payment Plan.

1985

OCC legal victories at the Supreme Court of Ohio led to refunds for many electric and telephone customers.

# LEADERSHIP

## Consumers' Counsel

As Consumers' Counsel, Janine L. Migden-Ostrander oversees the state agency that represents the interests of Ohio's 4.5 million residential households with their investor-owned electric, natural gas, telephone and water companies.



Ms. Migden-Ostrander was sworn into office on Monday, April 5, 2004 by the Ohio Attorney General. Prior to being appointed Consumers' Counsel by the Ohio Consumers' Counsel's Governing Board, Ms. Migden-Ostrander was a partner in the law firm of Hahn Loeser & Parks and served as Co-Chair of the firm's Utility and Regulatory Practice Group.

In her role as Consumers' Counsel, Ms. Migden-Ostrander has championed a variety of energy and telecommunication policies including integrated portfolio management, alternative sources of energy, energy efficiency programs and innovative rate designs in the energy industry as well as the delivery of broadband services and other technologies to rural and urban customers. Ms. Migden-Ostrander also has made it an agency priority to find solutions for the growing number of customers who struggle with affordability of utility services. She is intent on addressing ways to improve traditional avenues of advocacy and outreach and education programming, as well as setting policy ground rules to increase the effectiveness of the Consumers' Counsel in regulatory hearings.

Ms. Migden-Ostrander's career in public utilities began at the Office of the Ohio Consumers' Counsel, where she served as an administrative assistant before earning a law degree from Capital University. She then was promoted to Assistant Consumers' Counsel for the agency and litigated a variety of cases that involved electric, natural gas, telephone and water companies.

Ms. Migden-Ostrander's previous experience also includes serving as Senior Director of Government Affairs for Enron

Corporation and as Special Prosecutor for Montgomery County. She has been involved in proceedings before numerous state utility commissions, and has monitored activities and worked on policy issues involving state and federal energy and telecommunications matters. In addition, she has worked on legislation in numerous states involving a variety of issues including natural gas and electric competition.

Ms. Migden-Ostrander is a past board member of Green Energy Ohio, Ohio Partners for Affordable Energy, the Ohio Environmental Council and the National Low Income Energy Consortium. She currently serves on the National Coal Council, a federal advisory committee to the U.S. Secretary of Energy, as well as the Executive Committee of the National Association of State Utility Consumer Advocates and on the Board of the Midwest Energy Efficiency Alliance. She earned a bachelor of arts from the State University of New York, and earned a Certificat de la Langue et Civilisation Francaise from the Universite de la Sorbonne in Paris, France.

## Deputy Consumers' Counsel

As Deputy Consumers' Counsel, Bruce J. Weston oversees the legal department and contributes to the formulation of policy for the Office of the Ohio Consumers' Counsel (OCC) and its Governing Board. In addition, he fulfills Janine Migden-Ostrander's role as Consumers' Counsel in her absence.



The legal department works with the agency's staff to represent the interests of residential consumers in complex utility proceedings before the courts and regulatory commissions at both the state and federal levels. Mr. Weston manages a staff of attorneys that has extensive experience in negotiation and litigation of utility proceedings. His responsibilities also include overseeing legal work that involves the preparation of proposed changes in state laws and administrative rules and review of legislation to assist residential consumers.

1987

OCC was able to get Northern Ohio residents \$61 million in credits after mismanagement caused an accident at Davis-Besse nuclear power plant.

1988

OCC secures refunds for residents of Northeast Ohio after mismanagement and cost overruns at Perry nuclear power plant (\$568 million).

1990

Participated in an audit of Centor Energy Corporation that produced a savings of \$98.2 million, reducing scheduled rate hikes for customers of Toledo Edison and Cleveland Electric Illuminating.

Mr. Weston brings more than 20 years of experience in public utilities law to the OCC. He is committed to protecting the interests of Ohio's 4.5 million residential utility households. His priorities for the OCC include advocating for reasonable rates, competitive choices, new technologies, and maintaining good service quality for residential utility consumers throughout Ohio.

Prior to joining the OCC in October 2004, Mr. Weston was in the private practice of law. He served as legal counsel for clients in cases involving utility rates, service quality, industry restructuring, and competition.

Mr. Weston began his career at the OCC in 1978 as a law clerk. After earning his Juris Doctor degree from The Ohio State University College of Law in 1980, he began a 12-year tenure as counsel for the agency.

### **Analytical Services**

Aster Adams joined the OCC in November 2005 as the Director of Analytical Services. He is responsible for overseeing the review of the accounting, economic and financial analysis associated with utility rate filings and other regulatory proceedings. Prior to joining the OCC, Mr. Adams was Chief of the Competitive Markets and Policy Division of the Tennessee Regulatory Authority. He holds a licence en économie from The National University of Rwanda and has earned a master's degree in economic development from Vanderbilt University. Currently, he is pursuing a doctorate in economics from Vanderbilt University.



### **Communications**

Maureen E. Miller joined the OCC as Director of Communications in November 1999. She oversees the planning and implementation of all public and media relations activities and outreach and education efforts, as well as the development of printed



materials and the website. With more than 20 years of experience in the public relations field, Ms. Miller has assisted in the development of a variety of award-winning education campaigns. She holds a master's degree in business administration from Ohio Dominican University and a bachelor's degree in journalism from The Ohio State University.

### **Government Affairs**

Dennis Stapleton joined the OCC as Director of Legislative and Governmental Affairs in June 2004. He serves as the relationship manager between state and federal government and the OCC. Prior to joining the OCC, Mr. Stapleton served as an Assistant Director at the Ohio Department of Insurance and from 1996 to 2003 he served in the Ohio House of Representatives for the 88th District and was the Chairman of the House Insurance Committee. He holds a bachelor's degree in broadcast communications from the University of Dayton.



### **Operations**

Charles Repuzynsky joined the OCC as Director of Operations in July 2005. He oversees the Operations Department, which encompasses the Administration and Consumer Services Divisions. Areas of responsibilities include finance, budgeting, strategic planning, human resources, information technology and the call center. Prior to joining the OCC, Mr. Repuzynsky served as the Chief Financial Officer for the Ohio Historical Society, a non-profit quasi-government organization. He is also a member of the Institute of Management Accountants, the American Payroll Association, the Association of Government Accountants and the Society for Human Resource Management. He holds a bachelor's degree in business administration with a major in accounting from The Ohio State University.



1991

The OCC reached agreement with Dayton Power & Light to cut a proposed rate hike from \$186 million to \$57 million.

1993

In a ruling by the U.S. Supreme Court, the OCC along with state regulators won \$140 million in credits for natural gas consumers.

1994

Robert S. Tongren was appointed Consumers' Counsel.

# GOVERNING BOARD CHAIRMAN MESSAGE

**F**or the past 30 years, the Office of the Ohio Consumers' Counsel (OCC) vigilantly has served as the advocate for the state's 4.5 million residential utility households. In 2006, the OCC proudly celebrated three decades of serving and protecting the public. During that time, the OCC played a substantive role in providing benefits for residential consumers that totaled approximately \$3 billion. The OCC has been able to accomplish much since its creation in 1976 as a result of its strong advocacy and successful collaboration with legislators, the Public Utilities Commission of Ohio (PUCO), consumer groups and utility companies.



During 2006 the OCC continued its mission to represent the interests of residential utility customers before state and federal regulatory agencies including, the PUCO, the Federal Energy Regulatory Commission (FERC) and the Federal Communications Commission (FCC), as well as the Supreme Court of Ohio. Among the OCC's goals over the past year were to advocate at both the state and federal levels for the continued existence of reliable, affordable and safe utility options; develop educational opportunities and resources to meet consumers' needs; and assist consumers in an exemplary way for them to better understand utility issues, payment assistance programs and how to take control of their energy usage to lower their monthly bills.

The OCC secured numerous benefits for residential utility customers over the past year and advocated against higher, more volatile rates. The Supreme Court of Ohio issued several favorable rulings on behalf of the OCC that returned the FirstEnergy, American Electric Power and CG&E (now known as Duke Energy) rate stabilization plans to the PUCO for further review and corrections. Additionally, the OCC, leading a coalition of consumer groups and local governments, helped convince the PUCO to scale back potential increases to basic local telephone service.

Looking ahead, the OCC supported Ohio's efforts to promote energy efficiency programs to lower customers' monthly bills and help mitigate the growing natural gas crisis. The agency also advocated for a statewide sustainable energy policy that would provide consumers with greater price certainty. At this point in time, it is critical for Ohio to address energy issues, particularly in energy efficiency, to secure a sound, reliable and affordable future for residential consumers.

The Governing Board looks forward to working with the Governor, the Ohio General Assembly and the Ohio Attorney General to support the "Turnaround Ohio" initiative. I also wish to extend the Board's appreciation to Consumers' Counsel Janine Migden-Ostrander, Deputy Consumers' Counsel Bruce Weston and the entire OCC staff for their dedication to serving the public and their accomplishments on behalf of consumers in 2006. The OCC is proud to have played a proactive role in helping Ohio's residential utility consumers over the past 30 years and looks forward to successfully advocating on their behalf in the future.

1995

Information provided by the OCC to Congress was used to reauthorize the Safe Drinking Water Act.

2002

Efforts by the OCC resulted in \$2.3 million in credits for Columbia Gas customers relating to an interstate pipeline issue.

2003

Negotiated a credit of \$3.3 million to Dominion East Ohio customers due to customers being overcharged.



# OCC GOVERNING BOARD

**B**y law, the bipartisan Governing Board of the Office of the Ohio Consumers' Counsel (OCC) is composed of nine members, three each representing residential consumers, organized labor and family farmers. Members are appointed by the Ohio Attorney General for a period of three years and are confirmed by the Ohio Senate. The OCC Governing Board conducts regular public meetings every other month in Columbus.

## **Jerome Solove, Chairman**

Chairman, 1999 — present  
Board Member, 1998 — present  
Representing Residential Consumers  
Hometown: Powell



Jerome Solove was appointed to the Governing Board in 1998 to represent residential consumers, and became Chairman in 1999. He is the President and owner of the real estate development firm Jerome Solove Development, Inc., headquartered in Columbus. Mr. Solove is a member of the International Council of Shopping Centers, as well as a former board member of the Columbus Area Apartment Association and the Rickenbacker Port Authority in Franklin County. Mr. Solove earned a bachelor of science in business administration with a dual major in real estate and finance from The Ohio State University, including a year of study at the London School of Economics.

## **John Moliterno, Vice Chairman**

Vice Chairman, 2006 — present,  
Board Member, 2003 — present  
Representing Residential Consumers  
Hometown: Girard



John Moliterno was appointed to the Governing Board in 2003 to represent residential consumers and was appointed Vice-Chairman in 2006. He lives in Girard, Ohio and is President and CEO of Pegasus Printing Group which includes printing related companies in Ohio and Pennsylvania. In addition, he is the Treasurer

of the City of Girard. Previously, Mr. Moliterno served as President and CEO of the Youngstown/Warren regional Chamber of Commerce. He is a board member of the Youngstown State University Penguin Club, Better Business Bureau of Mahoning Valley and Chairman of the Trumbull County Workforce Development Board.

## **Herman Kohlman**

Board Member, 1991 — 2006  
Representing Family Farmers  
Hometown: Oak Harbor



Herman Kohlman was appointed to the Governing Board in 1991 to represent family farmers. He is active in a number of agricultural committees and is President of a local fraternal branch. Mr. Kohlman is a member of the Democratic Club and the Ottawa County Farmland Preservation Committee. He also serves as a volunteer for the Red Cross. Mr. Kohlman served as the Legislative Chairman of Local Chapter P.E.R. Inc. #82 of Ottawa County in 2005.

## **Dorothy L. Leslie**

Board Member, 2001 — present  
Representing Family Farmers  
Hometown: Upper Sandusky



Dorothy L. Leslie was appointed to the Governing Board in 2001 to represent family farmers. Mrs. Leslie resides in Wyandot County where she and her husband operate a family farm. Mrs. Leslie served as State Executive Director of the Agricultural Stabilization and Conservation Service from 1989 to 1993

# 2004

Janine Migden-Ostrander was selected as the third Consumers' Counsel.

# 2005

The OCC co-sponsored a study that detailed the benefits of energy efficiency programs.

# 2006

OCC successfully argued at the Supreme Court of Ohio against decisions by state regulators relating to American Electric Power, FirstEnergy and Cincinnati Gas & Electric's Rate Stabilization Plans.

where she received multiple awards from the U.S. Secretary of Agriculture for her service to the farmers of Ohio. She is currently serving as the Chairperson of the Farm Service Agency in Ohio. Mrs. Leslie is an active member of the St. Paul Lutheran Church, the Ohio Farm Bureau, Ohio Corn Growers, Ohio Soybean Association and the Ohio Wheat Growers Association where she was a founding member and past President.

### **Randy Beane**

Board Member, 2005 — present  
Representing Organized Labor  
Hometown: Dayton



Randy Beane was appointed to the Governing Board in 2005 to represent the interests of organized labor. Mr. Beane is a Lieutenant with the City of Dayton Police Department. During his 29 year tenure with the department, Mr. Beane has served in many capacities including District Commander, SWAT Commander, Communications Bureau Commander and Drug Task Force Commander. He currently serves as the President of the Dayton Fraternal Order of Police, Lodge #44 and as the President of the Dayton Police Athletic League. Mr. Beane graduated from Wright State University with a bachelor's degree in urban affairs.

### **Gene Krebs**

Board Member, 2005 — present  
Representing Residential Consumers  
Hometown: Camden



Gene Krebs was appointed to the Governing Board in 2006 to represent the interests of residential consumers. Mr. Krebs is the state director of Greater Ohio, a campaign that is working to revitalize Ohio communities through land use reforms. He served as a State Representative for House District 60 from 1993 until 2000 and currently is serving on the Eminent Domain Task Force. Mr. Krebs serves as a board member of the Ohio Mathematics and Science Coalition as well as the Ohio National Road Association. Mr. Krebs graduated from Bowling Green State University with a bachelor's degree in biology.

### **Michael Murphy**

Board Member, 2003 — present  
Representing Organized Labor  
Hometown: Cleveland



Michael Murphy was appointed to the Governing Board in 2003 to represent organized labor. He lives in North Olmsted, Ohio where

he currently serves as President-emeritus of the Service Employees International Union (SEIU) Local 47. He is also the President of the SEIU Ohio State Council, is on the executive board of the Ohio AFL-CIO and is Vice-President of the Cleveland AFL-CIO. In 2006, he was assigned to be the Administrative Assistant to the North Shore Federation of Labor.

### **John Steinberger, Jr.**

Board Member, 2001 — present  
Representing Family Farmers  
Hometown: St. Paris



John Steinberger was appointed to the Governing Board in 2001 to represent family farmers. He lives in St. Paris where he currently serves as President of Custom Linings, Inc. Mr. Steinberger has been very active in farming and agriculture throughout his career, which includes service as Executive Director of the Ohio Rural Development Partnership and Chief of the Division of Weights and Measures at the Ohio Department of Agriculture. He is a former County Commissioner and has been active in numerous local organizations.

### **Mark Totman**

Board Member, 2005 — present  
Representing Organized Labor  
Hometown: Hilliard

Mark Totman was appointed to the Governing Board in 2005 to represent organized labor. He lives in Hilliard and currently serves as a Trustee and Legislative Representative for the International Union of Operating Engineers Local 18. Mr. Totman serves as a Trustee to the Ohio Operating Engineers Health and Welfare Plan and to the Ohio Operating Engineers Education Safety Fund Program. In 2001, he was appointed to the Governor's Labor Advisory Council.

### **Roger Wise**

Board Member — 2006 to present  
Representing Family Farmers  
Hometown: Fremont



Roger Wise was appointed to the Governing Board in 2006 to represent the interests of family farmers. Mr. Wise is the District Supervisor for Sandusky County Soil and Water and a Trustee for Jackson Township in Sandusky County. He also is a lifetime member of the Ohio Farmers Union and currently serves as Chair of its policy committee. Mr. Wise previously served on the Sandusky County Boards of Education and Health.

# EMPLOYEE RECOGNITION

The Office of the Ohio Consumers' Counsel (OCC) greatly values the diligence and commitment of its staff. During the year outstanding individuals are recognized by their coworkers and rewarded for outstanding service to the agency. For the eleventh consecutive year, the OCC recognized individual employees, and named an Employee of the Year. During fiscal year 2006, the OCC staff nominated their peers based upon specific criteria relating to their job performance, professionalism, work product and teamwork. The OCC recognized Jackie Stephens, Consumer Service Specialist; Denise Gundel, Graphics Specialist; Sue Orme, Staff Assistant; and Laurie Knight, Executive Secretary. This year, Denise Gundel was selected the OCC Employee of the Year. Congratulations to each individual honoree and to all of the employees at the OCC for serving residential utility consumers well in 2005-2006.



## **Jackie Stephens – Consumer Services Specialist**

“Jackie routinely stays late to assist consumers with utility concerns. She can be counted on to provide consistent answers and assistance to each and every consumer. In Jackie’s eyes everyone needs help and she is here to provide the necessary answers. Jackie quietly goes the extra mile for consumers.”

– wrote an OCC employee



## **Sue Orme – Staff Assistant**

“Sue is dedicated, reliable and always willing to help her coworkers at OCC. She is always apprised of current issues so that consumers can be appropriately directed in order to get their question answered in a timely manner. Sue is a great team player.”

– wrote an OCC employee



## **Denise Gundel – Graphics Specialist**

“In all of her efforts, Denise realizes the importance of quality and strives to achieve it. She handles design work for internal and external efforts and her Employee Recognition Team always has us in mind. Whether it is taking photos, laying out publications or orchestrating special events, the job is done well. She exhibits teamwork while performing those tasks and goes the extra yard whenever it’s needed.”

– wrote an OCC employee



## **Laurie Knight – Executive Secretary**

“Honest and ethical are words that perfectly describe Laurie. She is highly trustworthy. Laurie takes pride in her work and is well liked and respected by all. She has provided invaluable support for the Ohio Consumers’ Counsel, the OCC Governing Board, OCC Directors and many other areas of the OCC by her constant dependability, impeccable organizational capabilities, enthusiasm for a job well done and, most of all, thorough and consistent high quality work.”

– wrote an OCC employee



# 30 YEARS OF CONSUMER ADVOCACY

The Office of the Ohio Consumers' Counsel (OCC) celebrated its 30-year anniversary in 2006. To commemorate this milestone, we embarked on a year-long journey that took a look at our past accomplishments and shared our vision for the future. We participated in a number of events throughout 2006, dedicated space on our website to tell the story, documented our past through an historical journal, received countless congratulatory notes on a job well done and even reunited with former friends and colleagues who helped the agency grow over the last 30 years.

30 Years of  
Consumer  
Advocacy



YEARS

1976 - 2006

In honor of the OCC's anniversary, Consumers' Counsel Janine Migden-Ostrander gave presentations at 15 events, traveling throughout the state from Cleveland to Zanesville to Athens, Cincinnati and Lima. She listened to countless consumers talk about the availability of assistance programs, rising natural gas prices, telephone service issues and power plant construction. Ms. Migden-Ostrander presented information about the OCC's role in advocating for reasonable rates and quality service for Ohio's residential utility customers. She also talked to consumers about diversifying our energy resources and introduced a plan for the future.

The OCC's website documented the agency's activities for the year and recognized our past successes. The historical journal provided readers with a perspective about the top utility issues that took place over the course of 30 years and offered vignettes about the actions the Consumers' Counsel took on behalf of residential consumers. There also was a sampling of the many benefits achieved – more than \$3 billion saved for consumers – over the past three decades. A roundtable forum to discuss energy issues was held at the Vern Riffe Center as yet another way to commemorate the OCC's 30 years of advocacy. Regulators, legislators, utility executives and Ms. Migden-Ostrander took center stage in

front of an audience of more than 100 interested parties to share their ideas and concerns about the future of energy in our state. Participants included Sen. Robert Schuler (R-Sycamore Twp.), Rep. John P. Hagan (R-Alliance), Alan R. Schriber, Chairman of the Public Utilities Commission of Ohio, Anthony J. Alexander, FirstEnergy CEO and President, and Jack Partridge, Columbia Gas of Ohio President. The panel was moderated by then-Attorney General Jim Petro.



Ms. Migden-Ostrander said of the forum: "Today's statewide forum created an opportunity to publicly discuss the direction of Ohio's

energy future from a variety of perspectives. Ultimately, we need to come together and forge a sustainable plan that will be good for all consumers from the residential customer struggling to make ends meet to the many commercial small businesses that are the backbone of this state and the large industrial customers that employ many of our citizens."

The year unfolded quickly, with the OCC working hard to provide additional benefits for consumers. The OCC gratefully thanks and acknowledges everyone who has played a role in the creation and support of the agency since 1976, and in the agency's work as the advocate for Ohio's residential utility consumers. We look forward to the next 30 years.



# GOVERNMENT RELATIONS

The Office of the Ohio Consumers' Counsel (OCC) continued its

diligent approach to tracking and analyzing all bills that would affect residential utility consumers during the 126th General Assembly. The OCC also played a major role in helping legislators with their understanding of residential utility

issues and at the same time advocated for stronger and more permanent funding from the legislature for weatherization assistance and energy efficiency solutions for low-income consumers.

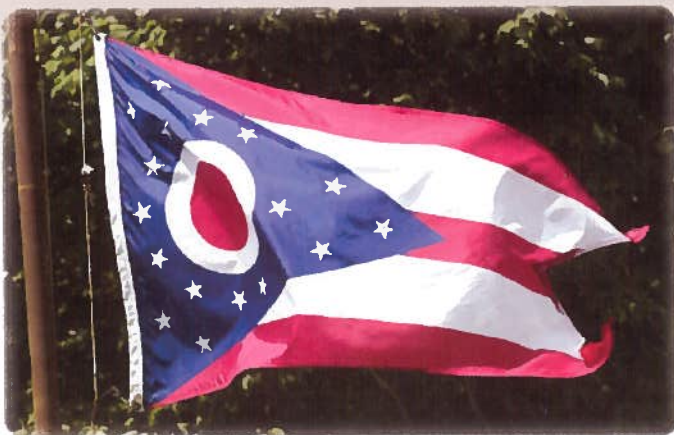


Consumers' Counsel Janine Migden-Ostrander and Government Affairs Director Dennis Stapleton testified in both the House and Senate Energy and Public Utilities Committees on several pieces of legislation alerting legislators to residential energy issues. OCC staff members also worked with the Ohio Department of Development's Office of Energy Efficiency and the Department of Administrative Services with the passage of House Bill 251, sponsored by Representative Joseph Uecker (R-Miami Township). This bill creates new guidelines in energy efficiency and procurement practices for state-owned facilities.

The Senate Energy and Public Utilities Committee Chairman, Robert Schuler (R- Sycamore Township), introduced Senate Bill 298 that would establish the framework for state energy policy guidelines. The OCC worked closely with Chairman Schuler and other stakeholders, and was able to introduce conceptual language for a renewable energy portfolio standard; sustainable practices in energy efficiency and conservation; short and long-term forecasting for electric generation; distributed generation development; and a review of income eligibility standards for energy assistance programs with a view towards increasing eligibility. This bill passed out of the Senate committee but ran out of time as 2006 came to an end before the bill could be brought to the Senate floor for a vote. This legislation did however set the parameters for a new state energy policy upon which the 127th General Assembly and the new administration can embark in 2007.

Listed on the following page are various bills that were introduced and referred to various committees in 2006. The OCC is diligent with keeping legislators informed about residential utility issues and providing assistance to the legislative offices and staff when needed.

Photo courtesy of Ohio Department of Natural Resources



<b>House Bills</b>	<b>Sponsor</b>	<b>Description</b>
470	Rep. John Widowfield (R-Cuyahoga Falls)	Telephone salespersons would be required to disclose their calling location
509	Rep. Peter Ujvagi (D-Toledo)	Reauthorizes the Office of the Ohio Consumers' Counsel's ability to handle telephone complaints
550	Rep. Janine Perry (D-Toledo)	Allows for the election rather than the appointment of Commissioners to the Public Utilities Commission of Ohio
604	Rep. Mark Wagoner (R-Toledo)	Prohibits natural gas companies from recovering costs related to not following prudent practices
632	Rep. Matt Dolan (R-Novelty)	Gives a tax credit to large electricity users against kilowatt-hour tax
676	Rep. Clyde Evans (R-Rio Grande)	Provides for the formation of a statewide broadband and wireless task force to study the availability of services in all 88 counties
681	Rep. Clyde Evans (R-Rio Grande)	Establishes funding for weatherization assistance to qualified individuals
699	Rep. Chuck Calvert (R-Medina)	Capital budget

<b>Senate Bills</b>	<b>Sponsor</b>	<b>Description</b>
254	Sen. David Goodman (R-New Albany)	Telephone salespersons would be required to disclose their calling location
298	Sen. Robert Schuler (R-Sycamore Township)	Creates an energy policy for the state of Ohio
332	Sen. Randy Gardner (R-Bowling Green)	Establishes guidelines for county government in bidding contracts for energy conservation measures
335	Sen. Kirk Schuring (R-Canton)	Gives a tax credit to large electricity users against kilowatt-hour tax

# THE FUTURE OF ENERGY IN OHIO

**A**n important step was taken in 2006 that could bring a reliable and affordable energy future to the state when the Office of the Ohio Consumers' Counsel (OCC) introduced its comprehensive energy proposal. A solution will be needed for the electric market by the end of 2008 when most of the temporary plans that electric utilities have in place to determine consumer rates expire. A Diversified Energy Portfolio approach would include a multitude of energy resources while promoting the wholesale competitive market and stabilizing the cost of electricity for consumers. A Diversified Energy Portfolio is a market-driven alternative that the OCC believes can provide for a sound energy future. It can assure affordable and stable rates for residential customers, provide price certainty for businesses and allow for the construction of new generation while placing a cap on the construction costs.

This energy proposal is structured much like a financial investment portfolio where the money invested is placed into several different areas to reduce risk and achieve the maximum benefits.

A mix of traditional, alternative and clean coal energy supplies, combined with energy efficiency and weatherization programs, would help reduce consumption and spread out Ohio's energy usage. By focusing on the use of several different types of energy resources, a Diversified Energy Portfolio has the ability to bring affordability, reliability and security to the electric system.

This proposal relies on electric utilities planning for the future. To ensure that the right amount and type of energy is available,

utilities would once again file 20-year demand forecast plans with the Public Utilities Commission of Ohio. The plans developed by utilities would include a mix of short- and long-term supplies that would be competitively

bid to ensure Ohioans are getting the lowest costs. A portion of the supply options would need to include alternative energy and energy efficiency resources. Standards would be developed for the utilities to follow so that the appropriate mix of both would be included in their plans.



## Alternative energy portfolio standard

An alternative energy portfolio standard promotes the use of renewable energy – such as wind, biofuels, solar, low-impact hydro, geothermal energy and biomass – as a percentage of the total electricity sold to customers. This type of requirement encourages energy resource diversity to support energy independence, improves efficiency and aids faster technological developments that will continue to make alternative energy affordable. The standard also provides several benefits to the environment and society

by increasing the diversity of fuel sources, reducing price volatility, reducing the environmental impacts of generating electricity and bringing jobs and economic development to Ohio.



The OCC believes that 20 percent of Ohio's electric generation can be achieved

through alternative energy resources in 10 years. The target could begin with 2 percent for the first year and could increase equally by 2 percent each year. Additionally, the alternative energy would have to be generated at a newly constructed facility and meet environmental standards.



The standard would apply to all entities selling retail energy. In order to confirm that the standard is being followed, a renewable energy credit would be required. This credit provides a record of every megawatt-hour a company is either buying, generating or selling as alternative energy to provide to its customers.

To enforce the alternative energy portfolio standard and encourage the development of alternative energy resources,



a penalty should be established so it becomes more advantageous for companies to comply with the standard. A \$50 per megawatt-hour penalty is recommended. This also places a cap on the cost of implementing the standard.

### **Energy efficiency resource standard**

Another important component to realizing reliable and affordable energy is reducing customer consumption through an energy efficiency requirement on electric utilities and alternative providers. Implementing cost-effective energy efficiency measures statewide offers the potential for reducing consumers' electric bills.

A standard is necessary because traditionally, companies have had a disincentive to promote energy efficiency. Under existing regulations, utilities collect more distribution revenues if they sell more electricity. If customers use less energy because of energy efficiency, then utility companies may be concerned that they will not receive the same level of revenue. A standard will create programs that allow customers to reduce their consumption and their energy bills through rebates, weatherization and education. An energy efficiency standard would continue towards alleviating market barriers and reducing the risks associated with volatile fossil fuels; improving the overall reliability of the electric system; reducing stress on local transmission and distribution systems; and increasing energy independence.

The energy efficiency resource standard is similar to the alternative energy portfolio standard because it requires companies to prove savings are being achieved from the programs in which they participate.

The savings targets would start out low and rise incrementally over 10 years. For example, in the first year, electric companies would have to produce savings equal to 0.3 percent of their electricity sales. Additional savings would be sought each year until a total of 8.2 percent in savings of an electric company's total sales to customers is produced in the 10th year.

The OCC believes that as policy makers from around the state begin to examine Ohio's energy options, strong consideration should be given to a Diversified Energy Portfolio and the many positive benefits it can provide to this state and its citizens.

## **OCC work is paramount in disconnection relief – 1983**

In response to sharp increases in utility bills and an extremely cold winter in 1982-1983, the Office of the Ohio Consumers' Counsel (OCC) played a critical role to bring relief to consumers that would normally face disconnection for non-payment.

The OCC proposed a year-round payment plan that would ease reconnection of natural gas and electric service if disconnection should occur. By year's end in 1983, the Public Utilities Commission of Ohio (PUCO) adopted a Percentage of Income Payment Plan, or PIPP, to help consumers with gross incomes at or below 150 percent of the federal poverty guidelines pay for their natural gas or electric utility service.

30 Years of  
Consumer  
Advocacy



YEARS

1976 - 2006



The program is a payment arrangement for qualifying consumers who pay a percentage of their monthly household income to the utility company to retain the service provided. Consumers must apply for all eligible financial and weatherization assistance programs and must allow the utility company to obtain periodic verification of their income.

The OCC's advocacy not only supported the PIPP program, which still exists today, but also led to more stringent record-keeping by utilities about the number of households they disconnect and simplified the requirements for consumers to have their service reconnected.

# ELECTRIC INDUSTRY

In 2006, electric rate plans approved by the Public Utilities Commission of Ohio (PUCO) caused higher electric bills for many of Ohio's 4.5 million residential consumers. In northern Ohio, where many customers are served by FirstEnergy's electric utilities, the rates remained high with the impact of increases delayed, while automatic rate increases were imposed on residents in central and southern Ohio served by American Electric Power (AEP), Dayton Power & Light and Duke Energy.



The Office of the Ohio Consumers' Counsel (OCC) remained steadfast in its commitment to protect residential consumers from higher rates through its participation in many state and federal cases. The Supreme Court of Ohio issued decisions in several of the OCC's appeals of PUCO decisions, including those related to AEP, Cincinnati Gas & Electric (CG&E, now known as Duke Energy) and FirstEnergy rate plans. In its decisions, the Court found some of the PUCO's actions to be unlawful and reversed significant portions of the PUCO's decisions.

Several electric cases in which the OCC participated involved a variety of costs associated with individual utilities' rate plans. For example, CG&E was permitted by the PUCO to establish annual or quarterly rate adjustments covering four separate categories of costs such as the Fuel & Purchased Power and System Reliability Tracker components. In addition, Duke Energy proposed to extend its rate plan, currently set to expire in 2008, an additional two years.

The PUCO held an important statewide review where the OCC encouraged the removal of regulatory barriers that have prevented residential and business consumers from producing their own electricity (distributed generation) and obtaining alternative power-related options. This review was prompted by the federal Energy Policy Act of 2005 and a request by then Governor Bob Taft. The OCC played a key role in the review proceeding by filing extensive comments supporting distributed generation and working with experts who contributed to a series of technical panels held in Columbus.

This review explored many topics related to distributed generation and how consumers could manage their electricity use. For example, "smart meters" and new rate options were discussed, which the OCC advocated as tools to allow Ohioans, on a voluntary basis, to shift energy usage into low-priced time periods. This shifting could help the reliability of the local utility's system, lower the overall cost of electricity and reduce customers' monthly bills.

During 2006, progress was made to help consumers purchase renewable power, a measure that could help the environment, increase our state's and nation's energy independence and help make the electric system more reliable. The OCC and Duke Energy worked cooperatively to develop a new green energy option that would allow consumers to support energy that is produced using sources such as wind and solar. This option must first be approved by the PUCO before being offered to Duke Energy's customers.

If the proposal is approved, Duke Energy customers who sign up for the program would pay a small premium and commit to purchasing a minimum of 200 kilowatt hours (kWh) of green power each month for one year. Customers would pay a 2.5 cent/kWh premium for green power. For example, the typical residential customer uses 850 kWh per month but could choose to buy as little as 200 kWh through the program, which would cost \$5 more per month. Consumers could choose to purchase a greater amount of their electricity from renewable energy sources as well. Duke Energy's new green option is consistent with the OCC's support for electric utilities to maintain a diverse energy portfolio, which includes renewables, clean coal and energy efficiency programs.

## **AEP service reliability**

The reliability of American Electric Power's (AEP) service has been at issue for a number of years. The Office of the Ohio Consumers' Counsel (OCC) has had an ongoing concern that AEP's utility companies are not providing all residential customers with the reliable service for which they pay and that is required under state law. The potential for higher rates heightened the OCC's concerns when AEP proposed a plan in 2006 to try to improve the reliability of its distribution system and recover the costs through distribution rate increases. AEP filed its plan at the Public Utilities Commission of Ohio (PUCO).

Distribution rates cover costs associated with the poles and wires used to deliver electricity to customers' homes. According to its 2006 filing, AEP wants to collect approximately \$71 million in additional revenues from consumers to pay for the first 18 months of a five-year plan.

The OCC believes that asking consumers to pay more money to receive reliable electric service is a violation of a distribution rate freeze agreed to by AEP as part of a plan to transition from a regulated to a competitive electric market. That rate freeze is supposed to last through 2008 for AEP.

In 2003, the staff of the PUCO prepared two investigative reports about the company's practices and expenditures on tree trimming and other distribution operations needed to provide electricity to customers. The investigations also looked at AEP's record keeping for these types of activities.

The PUCO staff's investigations in the year 2003 detailed multiple violations of the PUCO's Electric Service and Safety Standards, and both reports contained recommendations for necessary improvements by AEP. The standards contain rules that all electric utilities in Ohio must follow, including rules regarding service reliability and outages. Over the OCC's objections, an agreement was reached in December 2003 between the PUCO and AEP that the OCC believes failed to resolve key reliability problems.

In January 2004, the OCC asked the PUCO to launch a statewide electric reliability investigation and highlighted the need for electric companies to provide tree trimming reports that define their practices, outline future plans and disclose current and future spending. Later that month, the PUCO rejected the OCC's request. In January 2005, the OCC asked the PUCO to conduct a comprehensive AEP-specific reliability investigation based on the breadth and depth of power outages following two winter storms. The OCC also requested local public hearings in several communities. The PUCO did not act on the request for a comprehensive investigation.



A report issued in April 2006 by the PUCO staff found AEP had failed to meet obligations required under the agreement reached in December 2003 to improve its service. The reliability issues relate to outages customers have experienced, whether the power failures could have been prevented through better maintenance efforts and the length of time it took for the company to restore service. The 2006 report showed that while performance improved in the portions of AEP's service area that had experienced the most power outages, electric reliability declined in other service areas.

To resolve the utility's failure to meet its obligations under the agreement, the PUCO ordered AEP to earmark \$10 million toward future reliability measures. The OCC questioned whether the amount is adequate and whether it could be determined if and how those funds were spent.

Based on AEP's 2006 request to increase its distribution rates to improve reliability, public hearings were scheduled by the PUCO for January 2007. The OCC encouraged customers of AEP to voice their opinions on the utility-proposed plan to try to improve service reliability.

— *Cases 03-2570-EL-UNC, 06-222-EL-SLF*

## **AEP power plant costs**

In April 2006, the Public Utilities Commission of Ohio (PUCO) approved an American Electric Power (AEP) proposal to increase customers' rates in order to recover an estimated \$23.7 million for research and pre-construction costs related to the building of a clean coal power plant. This amount is included in the first of three phases proposed by AEP's distribution utilities, Columbus Southern Power and Ohio Power, for the project estimated to reach well over \$1.3 billion upon completion.

The Office of the Ohio Consumers' Counsel (OCC) supported the environmentally friendly technology that would be used by the plant and the economic benefits for southeast Ohio, where the plant would be located. However, the OCC opposed the way in which AEP proposed paying for the plant, including the collection of millions of dollars in costs from consumers before the plant is operational and any potential benefits are gained. The OCC also argued that AEP's proposal violated Ohio's electric choice law because a local distribution utility cannot own a power plant. The Integrated Gasification Combined Cycle (IGCC) plant proposed by AEP would be owned by its distribution utilities. In addition, the construction of the plant would unlawfully increase customers' rates without a full examination of all the utility's costs and a legally required ratemaking process.

The technology that would be used by the plant is a newer, clean power technology that transforms the coal into a gas and then removes pollutants before it is used to create electricity. This technology, supported by the OCC, reduces emissions like nitrogen oxide, sulfur dioxide, carbon dioxide and mercury that are harmful to humans and the environment.

The OCC also advocated for customer protections in the event the PUCO approved AEP's request



to require customers to pay for the plant. The customer protections included: more details about the proposed plant's design, the associated costs and its efficiency and reliability; a cap on construction costs to limit how much is collected from customers; a mechanism to share any profits earned from the sale of byproducts; and a limitation on the collection of costs that is tied to the performance of the power plant. For example, if the plant can only operate 80 percent of the time, consumers would pay less.

While the PUCO granted AEP its phase one costs, it concluded that the utility needed to economically justify several factors, including its construction and technology choices and the financial structure of the proposal. The PUCO directed AEP to address many of the OCC's concerns in the next phase of the proceeding. The PUCO also denied the utility automatic approval of charges related to the second and third phases of the project. Additional evidentiary hearings likely will be held once AEP initiates its filings for those phases.

The OCC, the Industrial Energy Users – Ohio, the Ohio Energy Group (an industrial customer group) and FirstEnergy Solutions (an electric supplier) appealed the PUCO's approval of the phase one rate increases to the Supreme Court of Ohio, where the case is pending.

— *Case 05-376-EL-UNC, Supreme Court of Ohio Case 06-1594*

### **Storm cost recovery**

Dayton Power & Light (DP&L) and American Electric Power (AEP) requested the Public Utilities Commission of Ohio (PUCO) approval of distribution rate increases in September 2005 and March 2006, respectively, to recover costs related to damage resulting from storms.

The Office of the Ohio Consumers' Counsel (OCC) advocated for residential consumers in each case, arguing

that the electric utilities failed to follow the process required to increase distribution rates. The OCC said the utilities should be required to produce expert testimony and provide evidence that would be subject to scrutiny, including cross examination at a hearing, to prove the increases were necessary.

Over the OCC's objections, the PUCO did not use a traditional rate case process that would have required public hearings at which the utilities would have presented expert testimony with cross-examination by parties. Requests to intervene in the case by the OCC and Industrial Energy Users – Ohio were denied by the PUCO. The PUCO approved the DP&L request in July 2006 and the AEP request in August 2006. Customers of both companies are paying higher rates as a result. In total, DP&L is collecting approximately \$8.6 million while AEP is collecting about \$24 million from all customers (residential, commercial and industrial).

In the DP&L case, two PUCO Commissioners expressed concern regarding the company's significant decreases in tree trimming expenditures between 1999 and 2003. They stated that the company failed to provide sufficient information regarding the portion of its costs that could have been avoided if it had invested more money in maintaining the trimming of trees and other vegetation that can cause outages. The Commissioners' concerns pointed to the possibility that if DP&L had spent more money in previous years on tree trimming around its lines, the outages could have been fewer and less severe. The OCC believes these concerns supported the need for a full examination of both companies' requests.

— *Cases 06-412-EL-ATA, 05-1090-EL-ATA*

### **Disconnection waivers**

In September 2005, American Electric Power (AEP) and Dayton Power & Light (DP&L) separately asked the Public Utilities Commission of Ohio (PUCO) to be granted waivers to a PUCO rule related to when consumers could be disconnected for not paying their bills during the winter heating season. Specifically, the rule requires electric and natural gas utilities to contact an adult in the home "ten days prior to disconnection by personal contact, telephone or hand-delivered written notice."

The issue for the companies centered around the option of a hand-delivered written notice. AEP argued that the mailing of a notice is equivalent to hand delivery, while DP&L told the PUCO that it mailed a notice and took an additional step by reaching its customers by telephone or a hand-delivered note three days prior to a disconnection. DP&L later amended its request to the PUCO to allow it to use a mailing and a new automated telephone message system to comply with the 10-day rule.

The Office of the Ohio Consumers' Counsel (OCC) led a group of consumer advocates in the cases to protect the interests of residential consumers. Regarding AEP's waiver request, the group argued there was no basis for the request to be granted and that it was not in the public interest to allow consumer safeguards to be scaled back during what was projected to be an expensive winter heating season. Based on DP&L's amended request, including both the three-day notice and automated telephone message system, the OCC found the company's safeguards to be at least as effective as those that were currently in place.

In January 2006, the PUCO issued decisions that denied AEP's waiver request and granted DP&L's proposal. As a result of the PUCO decision, AEP must abide by the rule and provide the proper 10-day notice to customers during the winter heating season. The DP&L system was to be implemented and serve as a consumer safeguard prior to disconnection of service.

— Cases 05-1168-EL-UNC, 05-1171-EL-UNC

## Supreme Court Cases

In 2006, the Office of the Ohio Consumers' Counsel (OCC) appealed several cases to the Supreme Court of Ohio, arguing on behalf of residential consumers that Public Utilities Commission of Ohio (PUCO) decisions were unlawful and not in the public interest.



The OCC and other parties involved in state utility cases have a right to appeal PUCO decisions directly to the high Court. An appeal is based on legal arguments and is filed after first asking the PUCO to reconsider its decision.

The decision to appeal a case to the state's highest court is never taken lightly and the OCC dedicates significant time and energy to each case. These advocacy efforts continue the OCC's commitment to protect consumers' interests.

## Merger agreement

An agreement between the Office of the Ohio Consumers' Counsel (OCC) and Duke Energy provided benefits to residential consumers and resolved the OCC's appeal of the Public Utilities Commission of Ohio's (PUCO's) decision approving the merger of Duke and Cinergy. The OCC had appealed the PUCO's decision to the Court.

The OCC negotiated for \$1.25 million that Duke would pay through shareholder funding for accelerating the existing residential weatherization projects. Duke also agreed to withdraw cases at the PUCO that could have imposed extra charges related to newly built or acquired power plants. Based on this agreement, the utility also worked cooperatively with the OCC to propose a green energy program, called GoGreen Power. If the PUCO approves the program, customers could support energy produced using sources such as wind and solar.

In addition, the agreement required Duke to continue, without a charge to customers, bill payment stations in the Cincinnati area for at least one year. The OCC was concerned that these stations could be closed, leaving low-income customers who do not have credit cards or checking accounts with fewer options. — Case 2006-0701

## Electric rate plans

Based on appeals that the Office of the Ohio Consumers' Counsel (OCC) filed in the years 2004 and 2005, the Court issued rulings regarding the Public Utilities Commission of Ohio's (PUCO's) approvals of rate plans for FirstEnergy, American Electric Power (AEP) and Cincinnati Gas & Electric (now known as Duke Energy). The rate plans set the electric generation rates that customers pay during the years 2006 through 2008.

The OCC challenged the PUCO's failure to follow Ohio's electric choice law which requires that options be available to customers at a price set by a competitive market. Those options must include a market-based standard service offer and a rate determined through a competitive bid process. The OCC argued that the PUCO's approval of the standard service offers that customers pay for electricity was not based on the electric market and rates determined by a competitive process which the law requires. The OCC also argued that there was no basis in the law for the electric rate plans, which produced significant rate increases for many Ohioans.

### FirstEnergy rate plan

In May 2006, the Court found that certain provisions of the Public Utilities Commission of Ohio's (PUCO's) decision involving the FirstEnergy rate plan were unlawful. The Court decided that the PUCO complied with the law for implementing a rate plan offered at a market-based rate but that the plan violated Ohio law by failing to also offer customers an electric rate at a price based on a competitive bidding process.

In the decision, the Court found that while the electric market had not yet fully developed as planned, "this does not empower the PUCO to create remedies outside the parameters of the law."

The Court remanded the case back to the PUCO where it is still pending. While the Court's decision on the competitive bidding portion of the law was a victory for the Office of the Ohio Consumers' Counsel (OCC) and residential consumers, the OCC was disappointed that other rates implemented by the PUCO were upheld. For example, the OCC believed there was no basis in the law for a "Rate Stabilization Charge," which amounts to a \$15 to \$20 per month charge on a typical FirstEnergy residential customer's bill. — *Case 2005-0766*

### **American Electric Power rate plan**

In July 2006, the Office of the Ohio Consumers' Counsel (OCC) received a victory for residential consumers when the Court struck down the Public Utilities Commission of Ohio's (PUCO's) decision that approved the AEP rate plan. The Court sent the entire case back to the PUCO for revisions. The plan for the generation rates that customers pay was originally approved by the PUCO in January 2005. The OCC appealed the PUCO's decision to the Court in April 2005.

In its appeal, the OCC argued that the AEP rate increases that began in January 2006 were unlawful and unreasonable. The AEP rate plan included generation increases of 7 percent per year for Ohio Power customers and 3 percent per year for Columbus Southern Power customers. The rate plan also included the potential for additional annual increases related to such areas as environmental and security expenses as well as a fee for storm damage contained within the distribution charge on customers' bills.



Based on the Court's directive, this case is pending at the PUCO for revisions to the plan. While the OCC hopes that a solution will be found that complies with the law, the Court stated in its decision that the OCC could appeal this case in the future based on several of its previous arguments, including those related to rate increases.

— *Case 2005-0767*

### **Cincinnati Gas & Electric rate plan**

The Court issued its decision on the Public Utilities Commission of Ohio's (PUCO's) approval of the CG&E rate plan in November 2006. The Court found that the PUCO failed to support its approval of the rate plan

with adequate evidence in the record justifying some new charges proposed by CG&E after the hearing had concluded. In question was CG&E's request to add to the charges that customers would pay under an initial rate plan which had been modified and already accepted by the PUCO.

The Court also said the PUCO should have allowed the OCC access to side agreements between CG&E and other non-residential parties before approving a modified rate plan. According to the Court, "If there were special considerations, in the form of side agreements among the signatory parties, one or more parties may have gained an unfair advantage in the bargaining process." The OCC believes the disclosure of side agreements is vital to ensuring the integrity of the negotiation process and that residential consumers are fairly treated in the process. The Court ordered that the case be returned to the PUCO for the gathering of additional evidence and to disclose the side agreements to the OCC. — *Case 2005-0518*

### **Billing system charges**

The Court decided a case involving \$16 million plus interest in billing system charges that the Public Utilities Commission of Ohio (PUCO) approved for Dayton Power & Light (DP&L) in 2005. Oral arguments were held in May 2006 where the Office of the Ohio Consumers' Counsel (OCC) maintained that imposing these charges on residential customers directly violated an agreement the agency signed with DP&L in 2000. The agreement and the billing system charges were connected with Ohio's electric choice law and the company's transition from regulated to competitive power rates. The OCC argued that the failure of a utility to honor an agreement and the PUCO's approval of such actions would have a chilling effect on the settlement process.

The OCC also argued that by approving the billing charges, the PUCO unlawfully raised customers' distribution rates. Distribution rates, which pay for the delivery of electricity into homes, were to be capped through the end of 2008 under a plan approved by the PUCO in 2003.

The Court decision upheld the PUCO's approval of the charges, citing that the 2000 agreement between the OCC and DP&L was not filed with or approved by the PUCO.

— *Case 2005-0945*

### **Transmission charges**

The Court decided appeals in November 2006 regarding Public Utilities Commission of Ohio (PUCO) decisions to permit DP&L and FirstEnergy to defer the collection of millions of dollars in transmission charges in order to increase customers' rates at a later time, after a legislatively mandated rate cap expired. The costs at issue were incurred

by the utilities during a time period when customers' rates were capped as a consumer benefit of Ohio's electric choice law. The PUCO permitted both companies to defer and then collect the accumulated costs, with interest, from consumers.

The Office of the Ohio Consumers' Counsel (OCC) believed that the deferrals violated that law and argued that the increases violated the terms of agreements the OCC entered into with DP&L and FirstEnergy. The transmission charges totaled approximately \$70 million for all FirstEnergy customers (residential, commercial and industrial) and about \$7 million for all DP&L customers.

The Court found that the PUCO's decision to allow the change in accounting procedures to defer these transmission charges was an exception to the rate cap. The Court, however, found that the PUCO had "abused its discretion" by refusing to allow the OCC to intervene in the cases. The Court fully supported the OCC's ability to intervene in PUCO cases, where the OCC advocates on behalf of residential consumers. — *Cases 2005-1621, 2005-1679*

## Federal Electric Issues

In order to bring benefits to consumers through the retail electric market, it is essential that the wholesale market be open and transparent so that wholesale power can flow reliably through the transmission lines without impediments.

Problems in the wholesale electric markets impact Ohioans and must be resolved at the federal level. These problems center around the operation of the transmission system which is regulated by the Federal Energy Regulatory Commission (FERC). Accordingly, the Office of the Ohio Consumers' Counsel (OCC) has increased its advocacy at the federal and regional level on a variety of issues, including energy efficiency and demand response, electric reliability and the removal of obstacles to wholesale competition. Robust wholesale competition should result in lower energy prices paid by utility companies. Those lower prices should be passed on to consumers at the retail level.

The OCC has participated in cases before FERC and contributed to policy discussions at the national and regional level to ensure that the needs of our state's residential consumers are addressed.

In 2006, many federal activities and decisions had the potential to impact the future rates and service for Ohio electric customers. In some discussions, the OCC joined consumer advocate offices from other states to form coalitions and express joint concerns and recommendations.

## Regional Transmission Organizations

The Office of the Ohio Consumers' Counsel (OCC) participated in numerous working groups and task forces

## OCC helps reduce millions in rate increases – 1990

The Office of the Ohio Consumers' Counsel (OCC) helped save customers of Toledo Edison and Cleveland Electric Illuminating \$98.2 million as a result of a management performance audit that was completed as part of a settlement agreement. The findings reduced 1991 rate hikes from 6 percent to 2.74 percent for customers of Toledo Edison and 4.35 percent for customers of Cleveland Electric Illuminating.

30 Years of  
Consumer  
Advocacy



Y E A R S

1976 - 2006

The 12-month management audit, in which the OCC participated, stemmed from a 1989 rate case settlement that said the utilities had to equally share operating and maintenance cost savings uncovered by the audit with customers. The total savings reached nearly \$155 million. The audit found savings of \$84.7 million in operating and maintenance expenses, \$32.2 million in lower capital costs and \$37.9 million from a one-time sale of excess property and equipment.

Although operating and maintenance savings reached \$84.7 million, the OCC negotiations after the audit report was completed, added another \$13.5 million in savings from lower capital costs and excess property and equipment.

The settlement also established nuclear plant performance standards, a cap on company earnings, rate breaks and other assistance for low-income customers, and consumer advisory panels.

The utility management audit may have been a national first in which a consumer representative participated daily in the audit process, bringing credibility to the findings and the audit process.

of the two Regional Transmission Organizations (RTOs) to which Ohio's electric utilities belong. RTOs are independent operators and gatekeepers of the transmission network that moves electricity into and around the region. While transmission systems have existed for decades, the concept of broader regional transmission systems run by RTOs is relatively recent.

In Ohio, the Midwest Independent System Operator (MISO) and PJM Interconnection serve this role. The two RTOs each serve specific utilities in Ohio. Duke Energy and FirstEnergy are members of MISO while American Electric Power and Dayton Power & Light are members of PJM. The geographic split within the state between these two RTOs requires close coordination to effectively and efficiently run the transmission network within the state and the broader Midwest region. The OCC advocated for the acceleration and enhancement of the cooperative relationship between MISO and PJM, which aims to form a "joint and common market" that encompasses the entire footprint of both entities. This market should allow for better regional planning and provide any company needing to move electricity into or out of Ohio with a single, unified process.

Having two RTOs has created significant issues in terms of trying to seamlessly integrate the flow of power between them. From an OCC resource standpoint, having two RTOs creates a challenge due to the vigilance, time and cost involved in protecting consumers.

Transmission costs related to RTO operations are part of residential customers' monthly bills and the OCC advocates that RTOs perform their tasks in a cost effective manner. In 2006, the OCC continually expressed concern about the administrative costs spent by RTOs and stressed the importance of practices that do not give the RTOs' member utilities an unfair advantage over alternative producers of electricity. Alternative producers, including competitive suppliers, need reasonably priced and nondiscriminatory access to transmission lines in order to be able to offer real electric choices to communities (through buying pools or aggregation) and individual customers.

## **FERC activities**

The Federal Energy Regulatory Commission (FERC) regulates the transmission of electricity and monitors the wholesale market. Transmission rates are set by FERC and passed on to customers in Ohio and other states. A multitude of FERC's 2006 proceedings were based on requirements set

forth by Congress in the Energy Policy Act of 2005. Several are briefly mentioned below.

As mandated by the Energy Policy Act of 2005, a status report on the state of wholesale electric competition was produced by FERC in 2006, similar to past reports produced by the Office of the Ohio Consumers' Counsel (OCC) for Ohio. The report found that wholesale obstacles have hindered development of retail electric choices for Ohio consumers. FERC also investigated the issues surrounding the protection of the nation's critical energy infrastructure, including transmission facilities and information technology systems, from threats such as terrorism. FERC will continue this study in 2007.

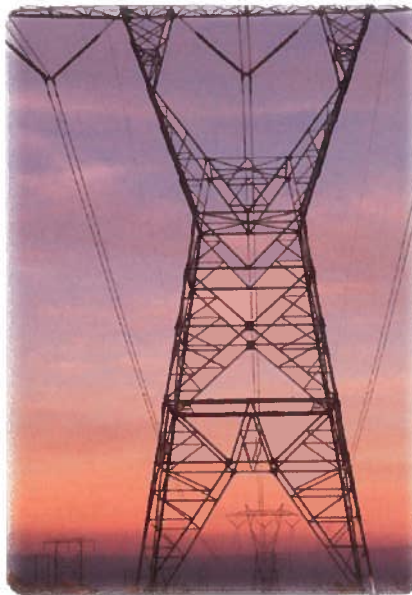
## **Reliability**

The Energy Policy Act of 2005 also called for the development of an Electric Reliability Organization that would be able to implement mandatory reliability standards for the nation. This measure was based in part on the August 2003 blackout that affected customers throughout northern Ohio and several eastern states. Following a rulemaking process and an opportunity for public comment, the existing North American Electric Reliability Council (NERC) was chosen by federal regulators to assume the role of the Electric Reliability Organization. Prior to 2006, NERC had administered voluntary reliability standards for the electric industry. As part of the establishment of the Electric Reliability Organization, most of the NERC's existing standards were approved by federal regulators and became mandatory for utilities transmitting power across state boundaries.

## **Financial incentives**

The Energy Policy Act of 2005 provided financial incentives for utilities or other companies to construct electric transmission lines. By providing companies with an enhanced rate of return on the investment, favorable accounting treatment and other incentives, Congress hoped to provide the necessary financial incentives for more high-voltage lines to be built. Since new lines would provide electricity to local utilities that serve residents and businesses, the costs would ultimately be passed on to customers through higher transmission rates in those areas.

FERC initiated a rulemaking proceeding to determine what incentives would accomplish the goals of Congress. The OCC participated in this proceeding by filing comprehensive comments on its behalf as well as on behalf of the National Association of State Utility Consumer Advocates (NASUCA). Several consumer-oriented groups, including the OCC, argued for stricter standards than FERC had





initially set for awarding costly incentives and on rehearing the regulators concurred, reversing the earlier order. Identifying the potential location for new transmission lines was another key issue in 2006. Typically, large, expensive transmission projects require the approval of regulators in several states prior to construction. The siting process in an individual state may be long and contentious. On a multi-state transmission project, the potential for lengthy delays is often very high.

in certain areas to be designated by the U.S. Department of Energy as “national interest transmission corridors.” These corridors are designed to address electric system reliability by connecting areas with surplus generation to areas with significant congestion. Within the designated corridors, federal regulators at FERC would have the power to issue construction permits if a state siting process results in unnecessary delays.



### ***PJM capacity market***

Federal policymakers were – and continue to be – concerned with ensuring new generation is built to meet present and future needs. To encourage the building of new generation, PJM proposed to institute a capacity market which was estimated to cost consumers an additional \$5 to \$12 billion per year region wide. A capacity market is where electricity generators and utilities bid to provide power into a region. The Ohio utilities in PJM chose not to participate in the capacity market at this time, but will be able to revisit that decision in 2011. The OCC and many other consumer advocates and state public utility commissions participated in extensive negotiations over six months in an attempt to lower the additional expenses to consumers. The result was a less costly, better structured capacity market than PJM had originally proposed. However, based on changes to the agreement by FERC, additional incentives were provided to generators. Many parties, including consumer advocates, have asked FERC to reconsider its changes.

### ***Transmission Congestion***

Congress, through the Energy Policy Act of 2005, tried to ensure that new interstate transmission lines could be built

The Department of Energy concluded in a study that Southern California and certain areas in the Mid-Atlantic states contained areas of “critical” congestion. In addition, other areas of the country were identified by the Department of Energy for consideration.

### ***Demand response and net metering***

In addition, FERC conducted a survey on the availability and use of demand response and net metering. Demand response refers to residential and other electric customers responding directly to electricity prices by increasing or decreasing electricity usage. An example would be consumers directly managing their electricity usage based on market prices at a given point in time. Net metering refers to a metering setup that allows those customers who generate their own electricity and also purchase power from the local utility to be billed for the “net” flow in a given month. In other words, the net result of how much energy is provided to or used from the utility is applied to a customer’s bill. The survey began a collaborative dialogue between federal and state regulators on these issues.

The OCC will continue to monitor and participate in federal issues that affect Ohio’s residential utility customers.

# NATURAL GAS INDUSTRY

**E**nergy efficiency and natural gas choice programs dominated the agenda of the Office of the Ohio Consumers' Counsel (OCC) for consumers' natural gas service in 2006. The price of natural gas proved to be less volatile than in 2005 although there were some ups and downs. Ohio witnessed the lowest natural gas market prices recorded since December 2002 and enjoyed a warmer than normal 2005-2006 winter. Also in 2006, the OCC participated in the Public Utilities Commission of Ohio's (PUCO) review of two sets of rules that govern natural gas utilities and alternative suppliers.



## **Energy efficiency and conservation**

Over the past several years one of the OCC's main focuses has been to find ways for consumers to better manage their monthly natural gas bills. The OCC has been advocating for company-sponsored, comprehensive energy efficiency programs. While talks have been initiated with each of the four major natural gas utilities, the OCC came close to having programs implemented in the Vectren Energy Delivery of Ohio and Duke Energy service areas. In the Vectren case, the PUCO significantly altered an agreement among stakeholders including the OCC, denying the majority of Vectren customers any benefits from energy efficiency programs. Instead, the PUCO limited participation to low-income customers and allowed Vectren to increase all customers' rates in order to recover revenues lost from decreased natural gas usage. The Duke Energy comprehensive energy efficiency filing was made in January 2006. This filing was a collaboration among Duke, the OCC and a group of stakeholders. In January 2007, the PUCO took its first action in this case, by ordering PUCO staff to provide a report on its investigation of this filing.

## **Natural gas choice**

The OCC continued to educate consumers and provide comparison information on natural gas choice programs and suppliers. During 2006, the number of customers participating in natural gas choice was fairly stationary with

those served by Columbia Gas of Ohio and Dominion East Ohio having eight or more alternative natural gas suppliers from which to choose. In late fall 2006, the percentage of residential natural gas consumers that had switched to an alternative natural gas supplier ranged from 12 percent in the Duke Energy service area to around 68 percent in Dominion's service area. Both Columbia and Vectren were in the 30 to 40 percent range. Also, competitive choices for natural gas continued to be supported by governmental aggregators, such as the Northeast Ohio Public Energy Council. Governmental aggregators leverage in their communities the buying power of large groups of consumers to supply them with natural gas in competition with the natural gas utility.

A major change in Ohio's natural gas industry occurred when Dominion changed the way it purchased natural gas for sale to its customers. As opposed to Dominion purchasing the natural gas in the market for customers who had not switched to an alternative supplier, it instead held an auction in August to allow wholesale natural gas suppliers to bid on serving portions of its customers. The result of the bid was a lower rate which will save the average customer approximately \$100 this year. Through this change in October, Dominion customers no longer see the Gas Cost Recovery Rate on their bills, but are instead charged the Standard Service Offer. At the end of 2006, some retail suppliers lowered the rates they were offering in order to compete with the new market-based Standard Service Offer.

## Natural gas prices

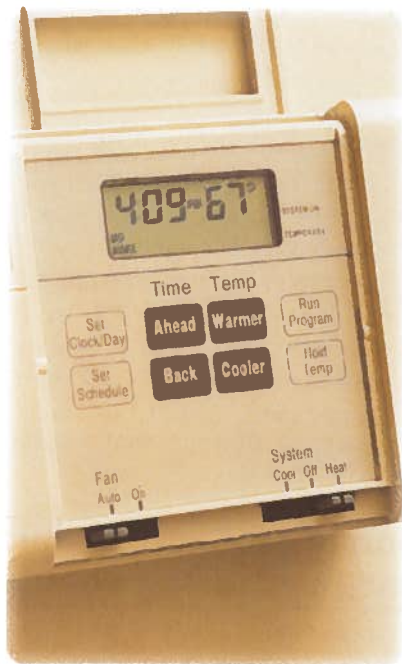
Natural gas prices in 2006 were lower than in previous years. This can be attributed to several events. First, the winter of 2005-2006 was warmer than normal which resulted in less natural gas being used and more left in storage which meant that there was a greater supply of natural gas than the year before. Also, the 2006 hurricane season was dramatically less severe than in 2005. Furthermore, the devastation caused to drilling and production operations by hurricanes Katrina and Rita had somewhat recovered, and with the less severe hurricane season, natural gas production continued at near normal capacity. At the start of 2006, most Ohio consumers were paying between \$1.13 and \$1.36 per unit of natural gas. By the end of the year, residential consumers were paying anywhere between 90 cents and \$1.02 per unit.

Although prices seemed to be better for consumers than last year, the OCC continues to review filings made by the utilities to make sure that utilities are using reasonable practices for purchasing the natural gas they sell to consumers and that the utilities' charges are accurately calculated.

## Vectren energy efficiency plan

In November 2005, Vectren Energy Delivery of Ohio asked the Public Utilities Commission of Ohio (PUCO) to put a mechanism in place, in conjunction with energy efficiency options, so the company could recoup revenues it was no longer earning as a result of customers using less natural gas. This revenue mechanism – which would be a charge on customers' bills – would be based on the amount of natural gas that the company typically would have been distributing to customers and would provide it with revenues that the utility was authorized to collect from customers. The Office of the Ohio Consumers' Counsel (OCC) participated in the case to gain benefits for residential customers.

The OCC, Vectren and Ohio Partners for Affordable Energy negotiated



## Foundation of advocacy set with first Consumers' Counsel – 1976

After the Office of the Ohio Consumers' Counsel (OCC) was created in 1976, it next needed an attorney experienced in utility regulation to be the chief advocate for Ohio consumers. A nine-member board representing residential customers, organized labor and family farmers, had the task of selecting the state's first consumer champion. After considering more than 60 candidates from around the country, William Spratley was chosen as Ohio's first Consumers' Counsel on Feb. 23, 1977.

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YEARS

1976 - 2006



Spratley served as Consumers' Counsel for the next 17 years. Under his leadership, the OCC participated in more than 1,200 legal cases involving utilities in which many precedents were set that are still referred to today.

By giving consumers a voice in the utility world, Spratley and the OCC were able to gain many benefits in the early years of advocacy. Among them was a 1985 settlement with Columbia Gas Transmission which led to savings of \$600 million for Ohio natural gas consumers.

From the start, the first consumers' watchdog held utility companies to a standard of accountability residents still experience 30 years after the creation of the state residential utility consumer advocate.

an agreement, signed in April 2006, which would allow Vectren to recover its lost revenues if the company would support and implement energy efficiency programs for its 300,000 customers in southwestern Ohio. After much negotiation and discussion, a portfolio of energy efficiency programs were agreed upon including rebates for purchasing energy efficient appliances and an on-line home energy audit tool that would help customers determine updates that



were necessary to make their homes more energy efficient. Part of the funding for these programs was to come from a refund OCC had successfully obtained for consumers in Vectren's last rate case. As part of the agreement, Vectren agreed to spend approximately \$900,000 of its money to educate consumers about the programs. This agreement was submitted to the PUCO for approval.

In September, the PUCO made significant and substantial changes to the agreement. The PUCO reduced the funding for the energy efficiency programs from \$4.6 million over two years to \$2 million and limited participation in the programs to low-income customers instead of all customers, despite the fact that all customers will pay higher rates through the revenue mechanism. The OCC requested the PUCO to reconsider its decision, which the Commission rejected. The OCC filed to withdraw from the original agreement and asked the PUCO to schedule a hearing to allow the OCC to present information in support of an energy efficiency plan that will serve Ohio consumers and protect them from automatic rate increases that are not offset by energy efficiency benefits. The OCC's withdrawal was accepted and a hearing was scheduled for Feb. 28, 2007.

— *Case 05-1444-GA-UNC*

### **Eastern Natural Gas and Pike Natural Gas PIPP adjustments**

Eastern Natural Gas and Pike Natural Gas asked the Public Utilities Commission of Ohio (PUCO) to modify their tariff riders related to funds they collect for the Percentage of Income Payment Plan (PIPP). PIPP is a program in which low-income consumers can pay a percentage of their income

toward their monthly natural gas bill while the remainder of the amount due is placed on the account as debt. All customers pay a small tariff charge, or a rider, each month to compensate the natural gas companies for what they are not paid by PIPP customers.

The Office of the Ohio Consumers' Counsel (OCC) sought to participate in the case and advocated that a portion of the companies' PIPP debt be recovered over three years rather than the two years requested by the companies. The OCC asked for the PUCO to require more frequent reviews of the PIPP riders in order to lessen the rate shock for customers. The PUCO denied OCC's request to participate in the case and took no action on the requests from Eastern and Pike. Since no action was taken, the PIPP rider increases automatically went into effect, resulting in increases to 12,300 customers' monthly bills.

— *Cases 06-1031-GA-PIP, 06-1032-GA-PIP*

### **Columbia and Dominion PIPP rider adjustments**

Columbia Gas of Ohio and Dominion East Ohio requested increases to their tariff riders for the Percentage of Income Payment Plan (PIPP). PIPP is a program in which low income consumers can pay a percentage of their income toward their monthly natural gas bill while the remainder of the due amount is placed on the account as debt. All customers pay a small charge, or a rider, each month to compensate the natural gas companies for what they are not paid by customers.

Both companies wanted to recover the balances of PIPP debt over a 12-month period of time. The Office of the Ohio Consumers' Counsel (OCC) asked that the companies spread the recovery of the PIPP debt balances over a longer period of time than the year requested by the companies.

Columbia and Dominion each supplemented their request to the PUCO and asked for reduced rider increases that provided for recovery of PIPP debt balances over three years instead of 12 months. The PUCO took no action on the requests so the increases automatically were approved. The OCC requested the PUCO reconsider approval of the increases and require that the companies' requests for PIPP rider adjustments be performed more frequently to prevent future rate shock. The PUCO denied the OCC's requests.

— *Cases 05-1421-GA-PIP, 05-1427-GA-PIP*

### **Dominion East Ohio natural gas purchasing changes**

In April 2005, Dominion East Ohio filed a two-phase proposal with the Public Utilities Commission of Ohio (PUCO) to change the way it purchased natural gas for

residential consumers. Dominion would continue to deliver natural gas to all 1.1 million customers in its service area. During Phase 1, Dominion would obtain natural gas for customers who have not chosen an alternative supplier through an auction process involving wholesale natural gas suppliers. The new rate consumers would pay for natural gas in place of the regulated Gas Cost Recovery (GCR) rate would be called the Standard Service Offer. In Phase 2, customers would be required, by a certain date, to choose a retail supplier or they would be randomly assigned to a supplier. In addition to delivering the natural gas, Dominion would step in and provide natural gas to customers in the event a supplier failed to provide it.

The Office of the Ohio Consumers' Counsel (OCC) concluded that Phase 1 of Dominion's two-phase proposal should be approved by the PUCO if modifications were made. Those modifications included effective and timely customer education, an auction process that resulted in a weighted average price for natural gas, a comprehensive energy efficiency program to provide tangible benefits to customers, full examination by the PUCO of Dominion's current rates in order to streamline ratepayer cost and PUCO oversight of any costs Dominion would continue to charge customers.



In May, the PUCO approved Phase 1 of Dominion's proposal as a two-year pilot program and required Dominion:

- ▶ To hire an independent auctioneer to facilitate the auction that would determine a portion of the Standard Service Offer.
- ▶ To provide funding for a consultant to assist in evaluating the auction.
- ▶ To educate consumers prior to the implementation of Phase 1 through at least a bill insert.

## Choice saves Ohioans millions in natural gas costs – 1997

The natural gas industry offered a choice in suppliers to residential consumers in Ohio for the first time in 1997. The natural gas choice program allowed consumers to choose their natural gas supply from an alternative provider. Nearly 50,000 customers participated in the pilot program initiated by Columbia Gas of Ohio and saved approximately \$4 million in natural gas costs. By the end of the year, a choice program was also offered to customers of Dominion East Ohio Gas and Cincinnati Gas & Electric.

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**3**   
YEARS  
1976 - 2006

The Office of the Ohio Consumers' Counsel (OCC) was active in educating consumers around the state about the new natural gas choice program. A survey conducted by OCC in November 1997 showed that 98 percent of respondents knew about the choice programs and 69 percent of participants felt they had saved money.



The following year, the Public Utilities Commission of Ohio expanded the pilot programs and nearly 1.8 million Ohioans had the opportunity to choose their natural gas supplier. By 2002, choice became an option to customers of Vectren Energy Delivery of Ohio making the programs available for residential customers of all major natural gas companies in Ohio.

The PUCO also acknowledged the OCC's recommendation for a rate review and indicated that, prior to any approval for Phase 2, it would consider certain rate changes to ensure that customers are not being charged twice for the same service.

An auction occurred in late August and resulted in a fee of \$1.44 that would be added to the price of natural gas reported at the end of each month on the New York Mercantile Exchange. The auction results produced a relatively low fee, resulting in potentially lower rates for customers than what they could have seen under the GCR rate structure. Phase 1 will continue until September 2008. A request for Phase 2 approval will require a separate application from Dominion and be subject to a hearing.

— Case 05-474-GA-ATA

### Minimum gas service standards

The Public Utilities Commission of Ohio (PUCO) proposed Minimum Natural Gas Service Standards in May 2005. The standards were to apply to natural gas utilities and protect the rights of residential consumers. The Office of the Ohio Consumers' Counsel (OCC) and other interested stakeholders provided comments on the rules in July 2005. The OCC recommended that the utilities be required to offer customers a four-hour window when utilities would be required to arrive for scheduled service calls, availability of alternative bill formats such as large print and Braille, the ability for customers to receive one free meter test every three years and the assurance that credits would be issued to customers if the utility missed a scheduled appointment. The utilities believed that the PUCO lacked the authority to require minimum service standards in the natural gas industry.

The PUCO issued final rules in January 2006. It agreed with the OCC that utilities should adopt the four-hour window for service calls. The PUCO denied the OCC's other recommendations. The OCC asked the PUCO to reconsider several issues including the alternative bill formats and credits for missed appointments.



In May 2006, the PUCO issued its final decision and denied a reconsideration of the OCC's recommendations. The rules were effective Jan. 1, 2007. — Case 05-602-GA-ORD

### Competitive retail service rules

In March 2006, the Public Utilities Commission of Ohio (PUCO) asked for comments on proposed amendments to the Competitive Retail Natural Gas Service rules. The rules pertain to alternative retail natural gas suppliers and protect consumers who receive natural gas from those companies. This was part of a five-year agency rule review required by state law.

In its comments, the Office of the Ohio Consumers' Counsel (OCC) stated that while there were many recommended changes made by PUCO staff that would benefit consumers, more needed to be done. Some of the changes that the OCC recommended included putting a more visible notice on the envelopes of "opt-out" materials, having governmental aggregators provide contact information for residents, ensuring that marketing materials clearly state that a natural gas affiliate is separate from a local natural gas utility and requiring a third-party verification be conducted on 100 percent of door-to-door enrollments. Other suggestions by the OCC included requiring suppliers to retain audio records of customer enrollments for two years, performing an actual meter read within 15 days before a customer switches to a supplier and requiring suppliers to provide payment centers and authorized agents that immediately credit a payment to the customer's account.

The PUCO issued the final rules incorporating several of the OCC's suggestions. The PUCO agreed to place more visible notices on "opt-out" aggregation materials sent to consumers from natural gas suppliers and a clearer separation on consumer marketing materials when a natural gas utility and its affiliate use similar logos or company names. The PUCO also partially agreed with the OCC on improving the requirement to have a third party verify the authenticity of natural gas suppliers' door-to-door enrollments of consumers. The PUCO improved the rule by requiring the verification of 50 percent of the enrollments of consumers instead of the original requirement to verify just 25 percent of enrollments.

The OCC, along with other stakeholders, asked the PUCO to reconsider multiple issues, which the PUCO granted in part and denied in part. In its request, the OCC asked the PUCO to require suppliers to provide the OCC all communications and marketing materials they send to customers. If the OCC received these materials in advance, the agency could better educate customers about their rates and the changes they are facing, to which the PUCO agreed. It also agreed to limit

authorized agent charges to twice the cost of a first class postage stamp for natural gas payments, as requested by the OCC.

The PUCO denied OCC's request to require that consumers be reimbursed if they are wrongfully switched to a higher rate during their agreement period. The PUCO also did not require utilities to allow former Percentage of Income Payment Plan (PIPP) customers to participate in natural gas choice if they are paying off their PIPP debt. OCC believes this potentially deprives low-income customers the opportunity to shop in order to save on their natural gas costs. — *Case 06-423-GA-ORD*



## Transmission case nets \$600 million in savings for residents – 1985

As possibly one of the largest settlements in U.S. history at the time, the Office of the Ohio Consumers' Counsel (OCC) played a crucial role in the 1985 settlement with Columbia Gas Transmission Corp. (TCO), which saved consumers more than \$600 million. The Federal Energy Regulatory Commission (FERC) approved a modified settlement June 14, 1985 which benefited customers in Ohio, the District of Columbia and six other states.

The OCC disputed TCO's proposed 23 percent increase in its purchased gas adjustment in August 1981 which was used to reflect the difference between the pipeline's actual costs and its cost recovery. Along with other parties in the case, the OCC argued that TCO had abused its purchasing practices under the 1978 Natural Gas Policy Act, causing excess prices that should be refunded to consumers.

The FERC agreed with the OCC and others and ruled in January 1984 that the TCO did abuse purchasing practices. The settlement included a two-year rate moratorium, a decrease in purchased gas adjustment rates and an agreement that TCO would absorb costs in excess of the agreed upon rate.

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# TELECOMMUNICATIONS INDUSTRY

**A**t a time of technological advances within the telecommunications industry, consumers are facing rate increases and fewer protections. The year 2006 brought more mergers, acquisitions and spin-offs, as well as the potential for annual rate increases for basic local telephone service and basic Caller ID. Additionally, a proposal by the staff of the Public Utilities Commission of Ohio (PUCO) would jeopardize some of the service quality protections consumers have had for at least two decades. The Office of the Ohio Consumers' Counsel (OCC) was involved in a plethora of telecommunications cases throughout the past year. The OCC's involvement was focused on protecting consumers from rate increases when consumers have few or no alternative providers from which to choose, and advocating to maintain and strengthen rules already in place to protect consumers.



The OCC also advocated on behalf of Ohio's residential utility customers at the federal level. The OCC, as part of the National Association of State Utility Consumer Advocates (NASUCA), participated in proceedings at the Federal Communications Commission (FCC) and later in the federal courts of appeal. NASUCA is an organization of state agencies that collectively represents the interests of consumers at the federal level. NASUCA participated in cases to recommend stronger telephone billing rules, more consumer protections and to advocate for changes to the Universal Service Fund (a federally funded program designed to reduce costs in rural areas and provide assistance to low-income consumers).

## Rate increases

The OCC participated in a grassroots campaign to oppose the ability for telephone companies to raise basic local telephone service rates unless there were competitive options available for that service alone. Basic telephone service is simple dial tone service that enables customers to make and receive calls. It does not include any additional features such as Call Forwarding or Call Waiting. Since there were few, if any, alternative providers that would sell a customer basic local service without any other features, the OCC advocated that rates not be increased and that PUCO oversight remain. Residential consumers filed letters in the case and testified at public hearings to voice their concern to the PUCO that basic telephone service and Caller ID needed to remain reasonably priced. Much to the disappointment

of the OCC and residential consumers, by the end of 2006, the PUCO had granted both Cincinnati Bell Telephone and AT&T the ability to raise many customers' rates for basic local telephone service and Caller ID.

As a result of a PUCO decision in 2001 that created new rules, telephone companies that met certain criteria could also raise the rates for commonly used features in addition to basic telephone service. All of the major telephone companies – AT&T, Verizon, Cincinnati Bell Telephone, Sprint (now Embarq), Alltel/Western Reserve (now Windstream) – are operating under these alternative telephone rules. Verizon received PUCO approval in 2006 despite objections by the OCC that there were insufficient alternatives for Verizon's services available to consumers, which is a prerequisite for operating under these rules. A few companies took advantage of these rules in the past year. Rates went up for many services such as Call Waiting, Three-Way Calling and a variety of bundled service packages.

## Investigation into sales practices

The OCC's investigation of consumers' problems with long-distance provider, Buzz Telecom, revealed a pattern of misleading marketing tactics against consumers. The OCC requested that the PUCO suspend Buzz Telecom's ability to solicit new customers in the state and order the company to compensate customers for any inappropriate charges. Additionally, the OCC requested that the PUCO revoke



Buzz Telecom's ability to do business in Ohio and launch an investigation of the company's practices, which could lead to penalties if violations of state laws or rules are found.

The OCC's initial review found that Buzz Telecom's representatives appeared to have misled many older adults into switching to its long-distance service. Consumers were led to believe that Buzz Telecom's telemarketing call was from their local telephone company which would provide them with a special discounted long-distance rate. In reality, they were being switched to a new long-distance provider at rates that were far from discounted. When customers questioned their bill to Buzz Telecom's representatives, customers were told that a \$19.95 early termination fee would apply if they canceled their service.

The PUCO did order Buzz Telecom to stop marketing to consumers and told the company to "show cause" as to why its operations should not be permanently revoked. If the investigation requested by the OCC finds violations of Ohio's Minimum Telephone Service Standards, Buzz Telecom could face penalties of up to \$10,000 for each violation.

### **Mergers, acquisitions and spin-offs**

The OCC participated in cases that involved the spin-offs of Sprint's local operations into Embarq and Alltel's local operations into Windstream. These spin-offs were on the heels of the mega-mergers in 2005 that combined SBC with AT&T, Verizon with MCI, and Sprint and Nextel. As in all of these cases, the OCC advocated for consumer benefits and tried to ensure that there were no financial hardships placed on consumers as a result of the mergers.

### **On the federal front**

The OCC, as part of NASUCA, worked to maintain state regulatory control of telephone billing rules for long-distance customers. The organization also sought stronger rules to protect consumers from unfair and misleading billing practices. In 2005, NASUCA filed comments at the FCC in what has become known as the "Truth in Billing" case. The FCC concluded that states should be prohibited from issuing and enforcing laws that regulate cellular companies' billing practices, a conclusion that NASUCA strongly opposed in favor of states retaining their rights to regulate billing practices.

NASUCA appealed the FCC's decision to the U.S. Court of Appeals for the 11th Circuit in Atlanta. NASUCA argued that the FCC's ruling allows deceptive and misleading cellular charges to continue; denies states the ability to protect consumers from deceptive cell phone charges; and fails to strengthen its billing rules, which have not served to protect long-distance customers.

In 2006, the federal court issued a decision that agreed, in part, with NASUCA's position. The court determined that

since the Communications Act allows states to regulate "terms and conditions" of wireless services, the FCC order regarding this issue should be vacated. States will be allowed to regulate these types of billing practices.

Additionally, the OCC supported NASUCA in its recommendations to reform the Universal Service Fund (USF) to increase benefits to residential consumers. Universal Service includes federal programs that have helped make telephone service affordable for low-income consumers and those consumers who live in rural areas where the cost of providing service is high. All telecommunications carriers that provide service between states pay fees to support the federal Universal Service fund.

NASUCA provided testimony at the federal level to voice its support for broadening the funding base for Universal Service programs to include companies that provide Voice over Internet Protocol (VoIP) and broadband services.

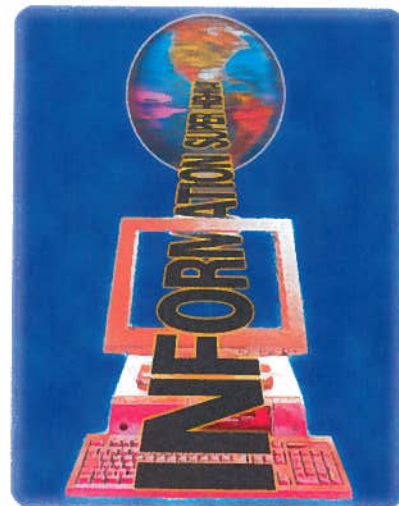
NASUCA also suggested additional modifications that included continuing to allow state USF programs to assess intrastate (calls made within the state) revenues, and clarifying that carriers should offer broadband to all customers.

Another USF issue at the federal level involves proposals to change the amount customers are charged.

NASUCA believes that a major overhaul of the USF funding mechanism would not be in the public interest. This change would shift the USF charge from those customers who use interstate services to those who simply have access to the local network regardless of their usage. This would shift the burden to low-income customers and could greatly increase the USF fees paid by residential customers.

In 2006, the FCC ordered those companies offering VoIP services to customers to contribute to the USF programs. Some VoIP carriers appealed the case to the U.S. Court of Appeals for the D.C. Circuit. NASUCA filed in support of the FCC decision.

In 2007, the OCC will continue its advocacy efforts at both the state and federal levels to ensure that residential utility customers in Ohio receive the benefits and protections they deserve.



## OCC-led coalition produces changes in telephone rules – 2000

In the hopes of facilitating competition among telephone companies in Ohio, legislators passed Senate Bill 235 in 2000 to create new rules for the industry. The proposal developed by the Public Utilities Commission of Ohio was greatly opposed by the Office of the Ohio Consumers' Counsel along with several other consumer groups.



A large grassroots effort led to more than 6,600 letters filed in the case at the PUCO opposing the proposed rules. The plan would have allowed higher rates for services like Caller ID, additional telephone lines and other commonly used features.

As a result of the OCC's efforts, several concessions were made by the PUCO, which included capped rates for basic Caller ID and a limited price increase of 10 percent annually for Call Waiting. The OCC, however, still opposed the rules because they did



not serve the public's interest. The OCC believed companies should not have pricing and profit freedom when residential consumers do not have a choice in providers.

## Full Lifeline discount will apply

In separate cases involving Champaign Telephone Company, Telephone Service Company and Verizon, the Office of the Ohio Consumers' Counsel (OCC) helped to ensure that low-income customers participating in the Lifeline assistance program would receive the full discount to which they are entitled.

During 2006 each company had requested approval from the Public Utilities Commission of Ohio (PUCO) to operate



under an alternative form of pricing regulation. This type of regulation caps the price of basic local service while giving companies the ability to raise the rates of features like Call Waiting and any bundled service package. The PUCO adopted these rules for all local telephone companies in 2001.

The OCC raised concerns that these companies would need to increase the Lifeline discount for their customers, which all telephone companies operating under these rules must provide. However, the companies' applications did not specify that they would provide customers with the maximum discount necessary. The OCC pointed out that the companies needed to provide an increased discount but had not disclosed the actual amount that they planned to give eligible low-income customers.

The OCC also opposed the requests by these companies to operate under the alternative telephone rules. The OCC argued that the companies had not demonstrated that there were other telephone companies offering competitive alternatives in their respective service territories, as required by Ohio law.

Although the PUCO granted the companies' requests and gave them the ability to raise rates for bundled packages and commonly used features, the PUCO made it clear that the companies must provide all of the Lifeline commitments including the full discount amount.

— Cases 06-651-TP-ALT, 06-794-TP-ALT, 06-700-TP-ALT

## Pricing rules relaxed for small telephone companies

Following the passage of a new law by the Ohio General Assembly, rules were developed by state regulators involving the ability for small telephone companies to increase the prices of commonly used features like Call Waiting as well as bundled packages. In return, the companies must make some broadband-related commitments and provide enhancements to the Lifeline discount program for low-income customers.

The Office of the Ohio Consumers' Counsel (OCC) advocated that the small companies be required to have an effective Lifeline outreach and marketing program in place for low-income customers, including a board of stakeholders to oversee the effort. Based on the final rules adopted by the Public Utilities Commission of Ohio (PUCO), the PUCO staff must consult with OCC as it coordinates efforts on Lifeline program activities. The PUCO did not require the companies to establish a board or dedicate specific funds to market the program to potential participants.

A separate rulemaking involved relaxed pricing regulations for mutual telephone companies, which are small, not-for-profit telephone companies that are owned by their customers. Based on rules proposed by the PUCO staff, mutual companies would have been able to increase basic local telephone rates with only 15 days notice to customers. At the time, 45 to 60 days notice to the PUCO was required depending on the service.

The OCC advocated that customers have at least 30 days notice of rate increases, that companies be required to offer a larger Lifeline discount and that rules remain in place regarding complaint handling, service quality and disconnection of service.

The final rules adopted the OCC's recommendation for more advanced customer notice of rate increases and maintained the complaint handling, service quality and disconnection of service requirements. The rules did not include requiring the companies to establish a board or allocate funds to market the Lifeline program to eligible customers as OCC had recommended. — *Cases 05-1303-TP-COI, 05-1304-TP-ORD*

## Potential telephone rate increases are limited

New telephone rules adopted by state regulators took into account comments by the Office of the Ohio Consumers' Counsel (OCC) and other consumer organizations as well as individual residential customers who filed letters and

testified at public hearings that basic local telephone service and basic Caller ID need to remain reasonably priced.

The rules scaled back a proposal by the Public Utilities Commission of Ohio (PUCO) staff that could have resulted in a 20 percent increase per year for basic telephone services.

Based on the final rules, telephone companies could apply for the ability to increase the monthly price of basic local service by a maximum of \$1.25 per year. For most customers, this maximum would be less than half of what was originally proposed. The monthly rate for basic Caller ID could increase by 50 cents per year.

The OCC sought public hearings throughout Ohio on rules that were proposed by the PUCO staff in November 2005. In response, the PUCO held seven public hearings and listened to testimony from consumers.

The OCC advocated for a phase-in, over five to seven years, of any rate increases permitted under the rules, with a total increase limited to 20 percent over current rates. The final rules were closer to the OCC's position than the proposed rules and provide protection to residential consumers.

As part of the PUCO's evaluation of the applications, the companies will need to meet one of several tests designed to show there are competitive telephone choices. However, not all of the tests require that competitive options exist for customers who only want to purchase basic local service, without features like Call Waiting.

The OCC believes that before telephone companies receive the freedom to raise their rates for basic local service, residential consumers need to have a choice among different providers for that service.

The OCC did support a key element that was contained in the final rules – that low-income customers who receive a discount through the Lifeline programs be protected from any basic service price increases. Lifeline programs provide financial assistance and help ensure that low-income customers can afford basic local telephone service. The PUCO staff proposed, and the OCC supported, protecting those customers.

Before the end of 2006, the PUCO approved applications from both AT&T and Cincinnati Bell Telephone and provided the companies with the opportunity to raise their rates for basic local telephone service and basic Caller ID in some of their service territory. AT&T received approval



to raise local service rates for 136 Ohio local service areas, which is 70 percent of its total territory in the state. Cincinnati Bell's request was approved for its two largest exchanges, Cincinnati and Hamilton. The OCC opposed giving pricing flexibility to either company because they failed the eligibility tests and the law's requirements since residential consumers have few, if any, choices for basic dial tone service.

— Cases 05-1305-TP-ORD, 06-1013-TP-BLS, 06-1002-TP-BLS

### **Budget Phone rate increase proposal is dismissed**

The OCC led a coalition of consumer groups to combat a proposed rate increase by Budget Phone, a prepaid local telephone provider. Prepaid providers require customers to pay in advance for monthly service, charge rates that are generally much higher than a traditional telephone company and often target those who have no credit, bad credit or have been disconnected by a local telephone company for nonpayment.

The OCC advocated that the rate increase request be suspended and told the Public Utilities Commission of Ohio (PUCO) that Budget Phone failed to provide the required proof that the increase was necessary. The OCC argued that the rate increase would largely affect low-income consumers and that it would violate an Ohio law prohibiting unreasonable rates.

Budget Phone also requested to be able to receive federal support to offer Lifeline and Link-Up programs. These programs provide assistance to low-income consumers to establish local telephone service and to receive monthly discounts on telephone bills. Based on the OCC's analysis,



Budget Phone's discounted rate charged to customers would be 300 to 700 percent higher than the Lifeline rate of a traditional local telephone company.

In legal documents, the OCC told the PUCO that Budget Phone should be required to demonstrate how the company qualifies to be eligible for Lifeline funding, which is set according to a Federal Communications Commission order.

According to the OCC, the proposed rate increase would offset any potential benefit of a Lifeline program for its customers.

A PUCO decision on November 8 dismissed Budget Phone's application, noting that the company had not filed the information necessary for the PUCO staff to complete a review. — Case 05-1235-TP-SLF

### **Chillicothe customers could see competition**

Comments filed by the Office of the Ohio Consumers' Counsel (OCC) made an impact that could help open up the local telephone market for customers of Chillicothe Telephone.

In a case involving an attempt by Chillicothe to block another telephone provider from entering its market, a decision by the Public Utilities Commission of Ohio (PUCO) declared that Chillicothe could not use its status as a rural provider to deny Cinergy Communications access to its local system. The decision was consistent with the OCC's position, which urged the PUCO to allow the other telephone service provider to offer an alternative service to Chillicothe's customers.

Rural telephone companies like Chillicothe can ask to be exempted from a federal law that requires local markets to be open to competitive providers; however, the PUCO must first determine that allowing competition would harm the rural companies' ability to provide service to customers at reasonable rates or would cause an undue burden to that company's finances.

Chillicothe argued that Cinergy would take the most profitable customers (for example, residential customers with a bundle of Chillicothe's features and services), causing a financial burden to the local telephone company and rate increases for its remaining customers. The OCC's comments pointed out that Chillicothe had failed to indicate when it believed revenue would be lost and argued that the local company could reduce any potential losses by providing services that meet or beat a competitor's offers.

In addition, the OCC argued – and the PUCO agreed – that Chillicothe received, through “elective alternative regulation,” pricing flexibility from the PUCO for its features and bundled packages. At the time, Chillicothe said the flexibility was needed in order to compete with alternative providers.

The PUCO also agreed with the OCC's position that Cinergy would provide a choice for Chillicothe customers. By denying Chillicothe's request to block Cinergy from offering local telephone service, residential customers may begin to see some competitive options.

### **Mergers and spin-off businesses should provide tangible benefits**

The Office of the Ohio Consumers' Counsel (OCC) participated in two cases that involved separating, or spinning off, a wireless business from the traditional landline telephone company's corporate umbrella. The OCC's involvement in these cases at the Public Utilities Commission of Ohio (PUCO) served to represent the interest of residential customers and advocate for tangible benefits.

In the case of Sprint, the company wanted to separate its local wireline operations from the parent company to a new company, Embarq. Alltel likewise sought to separate its landline from its wireless business and subsequently merge its landline business with Valor Communications.

In both cases, the OCC advocated similar positions.

- ▶ Ensure benefits for consumers such as establishing broadband service in rural areas of the companies' Ohio service territories and provide grants to establish community technology centers that would help advance broadband.
- ▶ Ensure that residential consumers are protected from any adverse impacts.
- ▶ Ensure that rates are reasonable and service is adequate for customers.
- ▶ Hold public hearings to enable consumers to voice their opinions.

Despite the OCC's opposition to the mergers and business spinoffs, the PUCO approved both Sprint and Alltel applications. The OCC does not believe that the mergers were in the public interest, nor was there an opportunity for public input. Additionally, the PUCO failed to order any reporting requirements for the companies to document progress toward achieving benefits for customers.

— Cases 06-809-TP-ACN, 06-810-TP-ACN, 05-1040-TP-ACO

### **OCC helps bring Verizon customers out-of-service credits**

Advocacy by the Office of the Ohio Consumers' Counsel (OCC) contributed to preserving the opportunity to obtain rate credits for potentially thousands of Verizon customers whose service was out for more than 24 hours between June 22 and July 1, 2006.

## **Central, Southwest Ohio consumers get millions in refunds – 1983**

Legal victories by the Office of the Ohio Consumers' Counsel (OCC) at the Supreme Court of Ohio helped get more than \$20 million refunded to residential customers of Cincinnati Bell Telephone and Columbus & Southern Ohio Electric Co. in 1984.

In 1983, a rate increase of 19.6 percent granted to

Cincinnati Bell prompted the OCC to re-examine the ruling. During rehearing, the Public Utilities Commission of Ohio (PUCO) agreed with the OCC that cost-related issues were improper resulting in a rate reduction by more than half from \$22.5 million to \$10.6 million.

Cincinnati Bell appealed the case to the Supreme Court of Ohio which upheld the decision and reversed another issue resulting in additional reductions for customers.

The Court also ordered Columbus & Southern (now known as Columbus Southern Power) to return \$11.85 million, plus interest, to its customers for construction costs related to the Zimmer nuclear power plant.

The PUCO initially allowed Columbus & Southern to collect construction costs but the OCC successfully argued they should not due to an ordered shutdown of safety-related construction.

The company appealed the case to the Supreme Court of Ohio which agreed with the PUCO ruling and ordered refunds be issued for construction costs paid between March and December 1983. The OCC immediately asked to have costs paid between November 1982 and March 1983 refunded plus interest which the PUCO granted.

30 Years of  
Consumer  
Advocacy



YEARS

1976 - 2006

In late June, Verizon requested a waiver of rules that require credits to customers out of telephone service for more than 24 hours. Verizon attempted to demonstrate that an “act of God” in the form of wind, rain and lightning storms affected local exchanges in 25 counties. In July, Verizon provided additional documentation, including data on 16 additional counties. In all, 138 of Verizon’s 244 exchanges were involved in Verizon’s request.

A telephone company may reduce or eliminate required out-of-service credits to customers if it can document that the outage was due to an “act of God” that prevented it from making timely repairs.

The OCC opposed Verizon’s request, arguing that it was too broad in scope and was not adequately supported. For example, only five of the 41 counties included in Verizon’s request had been declared federal or state disaster areas. The OCC pointed out that Verizon failed to file sufficient documentation, especially regarding the cause of many outages and the facilities affected. The OCC told the Public Utilities Commission of Ohio (PUCO) that the company’s request should be carefully scrutinized since no other telephone company in the affected areas requested a waiver for the same period of time.

On October 25, the PUCO issued an order that significantly scaled back Verizon’s waiver request. The PUCO granted the waiver for only 27 of the 138 requested exchanges, agreeing with the OCC that Verizon failed to provide sufficient documentation for the other exchanges. The PUCO also granted the waiver for only one or two days in most of the 27 exchanges, rather than the 10 days Verizon had requested.

Based on the PUCO’s order, Verizon was denied the waiver for the 7,823 trouble reports that occurred in 111 exchanges. As a result, these customers should be able to receive any credits due them as a result of Verizon’s service outages.

— *Case 05-1265-TP-ORD*

### **MCI billing procedures are revised**

Proposed changes to MCI’s long-distance billing procedures for some of its customers were revised as a result of efforts by the Office of the Ohio Consumers’ Counsel (OCC).

MCI filed an application with the Public Utilities Commission of Ohio (PUCO) requesting to begin direct billing (instead of billing through the local telephone company) family and friends of inmates if collect calls they received from state correctional facilities exceed \$100 per month or if they were considered “bad risk” customers. MCI wanted these customers to pre-pay for their long-distance service.

Additionally, MCI proposed a way for customers to sign up for the new billing service, which OCC also opposed. The OCC believed MCI should provide customers more than the proposed two-day deadline after receiving a recorded telephone message to sign up for the new billing method. The plan should allow at least two business days, preferably more, for customers to sign up. Furthermore, the company should mail a written notice to affected customers to inform them that they must sign up for the new billing method to continue receiving collect calls from inmates at state correctional facilities.



The OCC also advocated for the removal of language from MCI’s application that segregated “bad risk” customers and required them to pay for services upfront. The OCC argued that the language defining “bad risk” customers was vague and the prepayment system should be more flexible to allow customers to pay in a variety of dollar amounts. In response to OCC’s concerns, MCI eliminated the “bad risk” language and revised the prepayment options to be more flexible for those customers.

The PUCO approved MCI’s proposal, which included notifying customers of the billing changes through a recorded phone message, which OCC had opposed. However, based on the arguments contained within OCC’s application for rehearing, the PUCO adjusted its original order to allow customers two business days to sign up for the new billing method.

— *Cases 05-888-TP-ZTA and 05-889-TP-ZTA*

### **Consumer protections need to be maintained and strengthened**

In a joint filing with a number of consumers groups, the OCC made recommendations for revisions to the state’s Minimum Telephone Service Standards. The standards were put in place to protect consumers. They require telephone companies to adhere to rules regarding service quality and telephone repairs. The standards also provide for credits on customers’ monthly bills if standards are not met. A review of the standards was undertaken by the PUCO in 2006 as part of a legislative mandate that requires rules to be reviewed every five years.

The OCC advocated that the PUCO Commissioners make significant changes to the proposed standards recommended

by PUCO staff since some of the proposed rules would have reduced consumer protections already in place. The OCC wanted protections expanded or retained, and that included:

- ▶ Maintaining the current standard for giving credits to customers for service outages;
- ▶ Continuing to allow consumers with medical conditions to have the opportunity to be placed on a priority repair list;
- ▶ Maintaining the limit on the current 78 cent fee to make payments at an authorized agent (PUCO staff recommended a \$5 fee), and;
- ▶ Keeping rules that prohibit telephone companies from marketing services to customers until an adequate response has been given relating to the concern that the customer called about.

Additionally, among other recommendations, the OCC believed the PUCO should have a rule that pertains to cramming, the unauthorized practice of charging customers for features or services they did not order.

The PUCO issued its ruling in early 2007 that maintained important telephone service safeguards but scaled back others. Important protections that remain in effect include maintaining the ability for consumers with medical conditions to be placed on a priority repair list. Also remaining in effect is the fee charged to consumers making payments at an authorized agent. The new rules also continue to prohibit most telephone companies from disconnecting customers' basic local service if they have paid that portion of the bill. However, in terms of some of the scaled back protections, the PUCO reduced the required notice time to customers facing disconnection to seven days from 14 days. Additionally, based on the PUCO's decision, customers will have to be without service for 72 hours or more before receiving credits on their bill. The previous rule provided customers with credits if they were out of service for at least 24 hours.

The OCC believes that the continuation of important consumer protections is critical as residents continue to rely on basic telephone service for their every day needs. However, scaling back some of the rules moves Ohio's consumer protection standards in the wrong direction.

— *Case 05-1102-TP-ORD*



Office of the Ohio Consumers' Counsel

## OCC interventions save consumers more than half a billion dollars – 1988

In just two years, the Office of the Ohio Consumers' Counsel (OCC) was able to help obtain credits for residential consumers and prevent them from paying more than \$600 million related to power plant mismanagement throughout the state.

30 Years of  
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YEARS

1976 - 2006

In the 1980s, the Public Utilities Commission of Ohio (PUCO) found electric companies

to be negligent and culpable of mismanagement in the construction and operation of several nuclear power plants. The OCC successfully defended consumers' rights ensuring they would not foot the bill for the electric companies' missteps.

For instance, Northeast Ohio residents saved \$568 million in 1988 when the PUCO disallowed charges related to mismanagement and cost overruns at the Perry nuclear power plant. The owners of the plant oversaw a project that was marred with significant costs and delays that could have been avoided.

Customers of Toledo Edison and Cleveland Electric Illuminating also were credited \$61 million in 1988 partly because of the work the OCC did to defend residents. State regulators ruled that a June 1985 accident that shut down the Davis-Besse nuclear power plant was caused by utility mismanagement and consumers should be reimbursed for the millions they were charged related to the shutdown.

The credits represented extra fuel and power the utility companies purchased during part of the outage which lasted until December 1986 because of a failure in the plant's cooling system.

# WATER INDUSTRY

**R**esidential customers of Ohio's investor-owned water utilities once again faced rate increase proposals in 2006. The cases involved small companies like Mohawk Utilities and Tomahawk Utilities and larger companies like Aqua Ohio and Ohio American Water. As the state's residential utility consumer advocate, the Office of the Ohio Consumers' Counsel (OCC) both monitored and participated in these rate cases before the Public Utilities Commission of Ohio (PUCO) to ensure consumers were receiving quality water and service at reasonable rates. The OCC took an approach to analyze and monitor small rate increase requests from Mohawk, Tomahawk and Aqua Ohio to ensure the adjustments were justified and reasonable. The request from Ohio American Water in April required further action to be taken by the OCC.



The rate increase request by Ohio American Water was the subject of public outcry throughout 2006. Customers formed a coalition and objected to the rate increases along with the OCC. The quality of water service, as well as the amount and frequency of the increases, has been a major concern of the OCC and Ohio American Water's residential customers over the past several years.

The OCC opposed Ohio American Water's request because another increase would cause undue hardships on some residential customers. To reflect the poor quality of water received by some of the company's customers, the OCC called for a reduction in the earnings of the company's shareholders and requested that the PUCO take further action so the company remedies the problems.

## **Ohio American Water rate increase**

The Office of the Ohio Consumers' Counsel (OCC) achieved a major victory to get improved water quality and service for customers of Ohio American Water. The OCC and the staff of the Public Utilities Commission of Ohio (PUCO) reached an agreement with Ohio American Water in early January 2007 that will require the company to take aggressive measures to make improvements. The agreement was still pending approval by the PUCO Commissioners in February.

The OCC listened carefully to the concerns raised by consumers during five public hearings and made sure Ohio American Water was held responsible for addressing the issues that were raised. Targeted steps were developed by

the OCC, Ohio EPA and the PUCO staff that Ohio American Water will use to remedy the discolored water in the Huber Ridge community in Columbus, Ohio. The company will have six months to remedy the problem or face significant penalties. All fines levied against the company will be credited back to consumers. Additionally, Ohio American Water will not be allowed to seek any further rate increases until the discolored water is resolved.

The agreement also required Ohio American Water to address water softening issues in the Lake Darby community in Columbus, Ohio. The water supplied by Ohio American Water will be softened according to standards established by the Environmental Protection Agency. If those standards are not met, penalties will be assessed to Ohio American Water and credited back to Lake Darby customers.

Ohio American Water also will make commitments to resolve quality of service issues throughout its service territories including keeping unaccounted water levels at or below 15 percent, meter reading standards under the law, maintaining and operating its valves, inspecting tanks and flushing and painting hydrants. If Ohio American Water fails to meet these commitments it will face monetary penalties which will be flowed back to customers as bill credits.

As a result of the pending agreement, Ohio American Water customers will pay less than what the company originally proposed. Water rates will increase 14 percent in Franklin



and Portage counties, while sewer rates will increase 5 percent. Water rates will increase 11.7 percent for customers in Ohio American Water's traditional service territory which includes portions of Ashtabula, Lawrence, Marion, Morrow, Pike, Preble, Richland and Seneca counties. The agreement also outlines increases for miscellaneous charges including account activation, customer and reconnection charges.

The company originally asked for residential water rates to increase 21.96 percent for residential customers in Franklin and Portage counties. Ohio American Water also sought a 14.31 percent increase in water rates for its traditional service territory. — *Case 06-433-WS-AIR*

### **Mohawk Utilities rate increase**

The Office of the Ohio Consumers' Counsel made certain that customers of Mohawk Utilities continued to receive the consumer protections to which they are entitled when the company requested to increase water rates. Mohawk Utilities asked the Public Utilities Commission of Ohio (PUCO) in August 2005 to approve an increase to its rates and to maintain flat monthly prices for customers even though it had installed water meters. The PUCO staff had recommended a more usage-based billing system and the OCC. In April, the company and the PUCO staff came to an agreement to allow Mohawk to increase its rates by 6.5 percent. In addition, the company changed its rate structure so a portion of the rates would be based upon the amount of water used instead of a flat monthly fee. Rapid customer growth and equity concerns required the company to change its billing system so customers would have metered rates instead of paying a flat monthly price. — *Case 05-1042-WW-AIR*



## **Disconnection rules designed with insight of OCC – 1980**

In one of its first major victories in rulemaking proceedings, the Office of the Ohio Consumers' Counsel was instrumental in the establishment of statewide utility disconnection standards that have protected residential utility customers for more than 25 years.

Before these landmark rules were put in place, consumers had little protections from having their service disconnected. Disconnection practices also varied from company to company. With the help of the OCC, legislation was passed that required statewide uniform rules which were developed by the Public Utilities Commission of Ohio that gave utility customers the ability to maintain service.

Since 1980, customers have had the choice between making six equal monthly payments or pay one-third of the total balance each month and stay connected to their natural gas or electric service. The rules also established a disconnection process, provisions when a utility cannot disconnect service and medical certification, which prevents disconnection of service if it is a danger to the health of customers with medical conditions.

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YEARS

1976 - 2006

# COMMUNICATING WITH CONSUMERS

The Office of the Ohio Consumers' Counsel (OCC) continued its mission to educate consumers about utility issues and provide them with comprehensive information in easy-to-read publications and on the website at [www.pickocc.org](http://www.pickocc.org). It is OCC's goal to work with consumer groups, stakeholders and the media to inform utility customers of any changes in rates and services, in addition to the agency's advocacy efforts to protect consumers. This past year, the OCC issued a number of action alerts in which consumer input was sought to oppose potential rate increases and reduced consumer protections. The OCC encouraged consumer groups and agencies to advocate for consumers through letter writing campaigns and participation in public hearings on utility issues. The OCC has, at times, formed coalitions and worked with other consumer organizations to present regulators with a joint consumer perspective in the decision making process.



## 1-877-PICKOCC

The Consumer Services Division is one of the OCC's direct one-on-one support tools for residents. Through the toll-free hotline, letters and website contacts, the staff of the Consumer Services Division handled a wide variety of inquiries and requests for information in 2006. The topics for calls from consumers ranged from loss of utility services to natural gas and telephone choices to understanding charges on utility bills to tips to reduce their energy bills. One of the more complex issues about which consumers contacted the OCC during 2006 was the change in the way Dominion East Ohio purchased natural gas for consumers in northern Ohio. The Consumer Services Division helped Dominion's customers become more informed about the changes they were facing as they moved toward paying a more market-based rate for natural gas. Additionally, the Consumer Services Division explained why some electric bills increased as a result of implementation of rate plans. OCC representatives discussed the agency's opposition to these plans and the appeals to the Ohio Supreme Court.

Throughout 2006, the Consumer Services Division provided personal assistance to consumers by answering utility-related inquiries for approximately 11,200 consumers. Additionally, it distributed over 5,300 packets of valuable utility information throughout Ohio. Through the many resources of its representatives, the OCC helped approximately 3,000 Ohioans who were seeking to avoid

disconnection of their utility service or who needed information to obtain reconnection of their utility service.

## Reaching out to consumers

Populations for the OCC's focus this year included city government, low-income advocate organizations and agencies, legal aid, minority organizations and advocates for children. These are constituencies that the OCC made special efforts to reach out and educate about the OCC's services and mission to help utility customers. Changes in natural gas service; increased rates for utility services; and the continued need for education about the utility assistance programs kept the OCC staff members on the road. There was great demand for the Stay Connected Train-the-Trainer program, which provides detailed information about assistance programs available for low-income consumers. The OCC presented 88 of these programs to train over 1,500 service workers around Ohio.

## Dominion East Ohio changes in natural gas service

Dominion East Ohio Gas, serving several regions of Ohio, received permission from the Public Utilities Commission of Ohio (PUCO) to change the way it purchases natural gas for its customers. OCC provided 28 presentations on this topic to over 1,000 consumers. OCC's educational materials assisted consumers in understanding the changes on their

bill and the choices available for natural gas service. Additionally, the OCC worked cooperatively with Dominion representatives, PUCO staff and other stakeholders to formulate an education plan that would inform the public of the changes consumers would see on their bills. Consumer research studies were conducted early in November to determine how knowledgeable customers were about the changes. This information will be helpful for the future. It will enable each organization to further develop its communications materials to assist consumers in better understanding how the new rate is calculated.

### Local governments

The OCC actively reached out to local city government officials to share information about the OCC's services and familiarize them with the decision making process at the PUCO. OCC is encouraging city governments to become more involved in utility cases and actively participate in OCC's consumer grassroots campaigns. This process allows for the continued growth in the number of consumers and consumer groups to voice their concerns about utility issues.

### Low-Income Dialogue Group

OCC continued to develop and strengthen its partnerships with low-income advocates and policy makers through its work with the Low-Income Dialogue Group (LIDG). This group, comprised of representatives from OCC, legal aid societies, community action agencies, community-based organizations, AARP, Ohio Farm Bureau, United Way agencies, Ohio Partners for Affordable Energy, the Ohio Department of Development and others, works cooperatively to identify and seek solutions to issues and concerns that impact low-income utility consumers. Among the chief issues for the group's focus in 2006 were recommendations to improve the Percentage of Income Payment Plan (PIPP), making extended payment plans more available to help consumers stay connected when faced with a utility disconnection, and the increasing cost of local telephone service following a reduction in telephone industry regulations.

### Community Advisory Panel

This year's 2006 statewide Community Advisory Panel (CAP) meeting attracted more than 150 members to Veteran's Memorial in Columbus for a day of dialogue. CAP members, who represent diverse constituencies throughout Ohio, serve as a resource for OCC and provide an effective network for receiving consumer input and disseminating relevant utility information.



The meeting educated other advocates, stakeholders and concerned citizens about the importance of using more renewable energy in Ohio; telephone scams, new long-distance charges and hidden prepaid calling card fees; activities relating to OCC's involvement in cases at the PUCO; and progress in the areas of energy efficiency and low-income issues. The OCC also listened to the ideas and concerns CAP members have about the future of the utility industry and the effects it may have on consumers.

### Hispanic outreach

OCC created new and innovative ways to reach the growing Hispanic population. Work force development seminars, English as a second language classes and homebuyer seminars also provided opportunities for educating Spanish speaking consumers about their utility services. Public libraries and the Ohio Department of Job and Family Services distributed OCC's Spanish educational materials, including a video on utility assistance programs, newsletters and the Consumer Assistance Handbook.



### Earth Day partnership with Green Energy Ohio

OCC partnered with Green Energy Ohio to provide presentations about renewable energy and energy efficiency. The increased need for energy is one of the factors driving up energy costs. Reducing the demand for energy through energy efficiency initiatives is one positive way for consumers to lower their utility bills. Over 7,000 consumers in Ohio attended the presentations that were held in 75 Ohio cities.

### New educational materials

OCC produced more than 20 new fact sheets to help consumers gain a better understanding about new electric rate plans, energy efficiency options, renewable energy, consumer fraud, and much more. A sampling of the new fact sheets include:

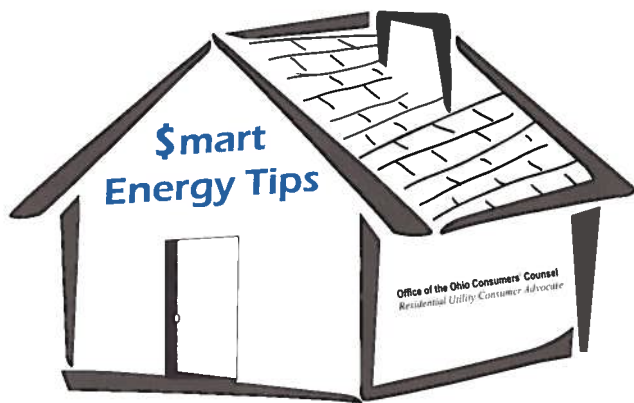
#### Electric

To familiarize utility customers with electric rate changes beginning in 2006, the OCC prepared a fact sheet that detailed all the charges – both

new and old – that would appear on customers’ bills as a result of the rate stabilization plans. All of the charges were defined and explained, and the amounts customers would pay monthly were included as well.

### Energy efficiency

The OCC provided consumers with information about how to winterize their homes and some summer cooling tips. The OCC also introduced consumers to demand side management programs. These programs can help consumers



control when and how they use their energy, creating an energy supply that is cheaper and more reliable.

### Renewable energy

With the rise in energy prices and the growing concern for a cleaner environment, consumers are becoming more aware of renewable energy technologies. State governments also have begun to take the initiative to mandate utility companies to include renewable energy as part of their energy resources.

As a result, the OCC wanted to make sure consumers learned more about renewable energy and developed information about solar, wind, biomass and hydroelectricity.



### Consumer protection

The OCC developed information to help consumers protect themselves against telephone fraud and identity theft.

### www.pickocc.org

Using the OCC website, consumers had access to information on a multitude of topics and were invited to participate in the advocacy process. New additions and improvements to the OCC website in 2006 included the following:

### 30 year anniversary

- ▶ 30th Anniversary Listings for Tour of Ohio – Summarized the events of Consumers’ Counsel Janine Migden-Ostrander’s tour throughout Ohio as she addressed residential consumers. She spoke about critical issues that the OCC and consumers have faced from 1976 through the present.
- ▶ Historical Journal – Chronicled the history of the OCC through vignettes of past accomplishments and certain milestones achieved along the way.
- ▶ Summary of Consumer Benefits – Listed some of the primary benefits the OCC gained for residential consumers throughout its 30-year history.



### Smart energy

The Smart Energy section was created to serve as a one-stop-shop for information about demand-side management, conservation, energy efficiency and alternative energy generation. Also included in this area of the website is OCC’s statewide energy proposal which outlines a plan that would provide Ohio with an affordable and environmentally sound energy future.

### Energy efficient home

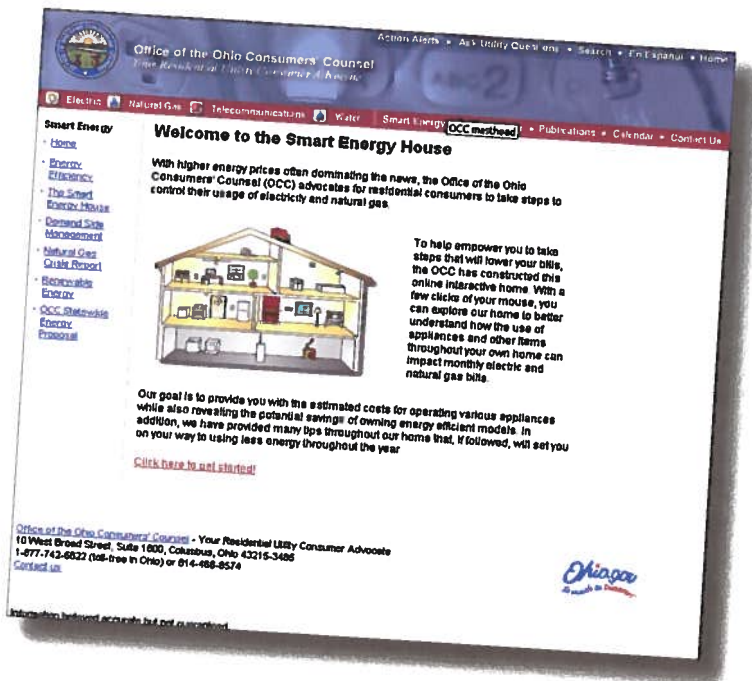
The Smart Energy House is a new, web tool created to help consumers maximize the energy efficiency of their household. By inputting basic information about a consumer’s home, the website automatically displays helpful energy tips and calculates average costs associated with running common appliances.

## Publications

The website also offered an ever-growing collection of over 100 fact sheets on a variety of utility topics that were updated regularly.

### OCC Facts at a Glance

- ▶ Visited 205 Ohio cities and 69 Ohio counties.
- ▶ Conducted 467 site visits with organizations and agencies.
- ▶ Provided 587 presentations to organizations and agencies.
- ▶ Participated in 153 shows, fairs, listener lunches and breakfast breaks.
- ▶ Met with over 53,000 consumers.
- ▶ Distributed over 343,000 educational materials to consumers and consumer groups including fact sheets, the Consumer Assistance Handbook and Stay Connected video.
- ▶ Signed up 9,000 new subscribers to receive the Consumers' Corner newsletter; 91,000 consumers now subscribe to the free bi-monthly newsletter.



## U.S. Court: Power plant risk cannot be shifted to consumers – 1980

National precedent was set by the Office of the Ohio Consumers' Counsel (OCC) in 1980 after it challenged and won its case against major natural gas pipeline companies and the Federal Energy Regulatory Commission (FERC) regarding the construction of a \$900 million coal gasification plant in North Dakota. The OCC was the only consumer advocate representing the interests of residential utility consumers, out of 90 parties in the case.

30 Years of  
Consumer  
Advocacy



YEARS

1976 - 2006

Five major natural gas pipeline companies, including Columbia Gas Transmission Corp., requested permission from the FERC to construct the plant, which was designed to convert coal into natural gas, creating the first such commercial plant.

The OCC intervened in the case at the FERC in August 1978 because of the financial impacts that would be passed onto residential customers. The pipeline companies requested an "all events" tariff, which would require consumers to pay for the plant even if it never became operational, removing all of the risk from the companies and its shareholders. The synthetic gas was projected to triple, even quadruple the cost of traditionally produced natural gas.

A FERC administrative law judge agreed with the OCC that the proposed financing plan was inappropriate but FERC Commissioners overturned the decision and approved construction.

The OCC appealed to the U.S. Circuit Court of Appeals in Washington D.C. and said that placing the burden of risks and costs on the consumer was unfair and went beyond the powers granted to the FERC.

The appellate court ruled unanimously in favor of the OCC saying the financial stipulations of the plant "were certainly not ordered with the interests of ratepayers foremost in mind...."

# FISCAL REPORT

The Office of the Ohio Consumers' Counsel (OCC) is funded through an assessment on the intrastate gross receipts of the state's investor-owned utility companies pursuant to Section 4911.18 of the Ohio Revised Code. Total assessments for fiscal year 2007 amounted to \$7,014,000 after adjustments.

The OCC assessed 474 utility companies for operating funds for fiscal year 2007. Companies can pass on the cost of supporting the OCC to their customers.



## Operating budget - fiscal year 2007 appropriations

Personnel services .....	\$5,847,000
Maintenance and equipment .....	\$1,454,000
Consultants and transcripts .....	\$469,000
<b>Total .....</b>	<b>\$7,770,000</b>

# CASE PARTICIPATION

## All Utilities Cases at the Public Utilities Commission of Ohio

Case Number	Company	Issue
06-0685-AU-ORD	Commission Review	PUCO Rules of Procedure

## Electricity Cases at the Public Utilities Commission of Ohio

Case Number	Company	Issue
06-1398-EL-UNC	Duke Energy	Green Tariff
06-1335-EL-ATA	FirstEnergy	Shopping Credit
06-1294-EL-UNC	Ohio Power/Columbus Southern Power	Transition Cost Recovery Rider
06-1153-EL-UNC	Ohio Power/Columbus Southern Power	Rate Stabilization Plan Remand
06-1112-EL-UNC	FirstEnergy	Rate Stabilization Plan Remand
06-1085-EL-UNC	Duke Energy	Annually Adjusted Component
06-1069-EL-UNC	Duke Energy	System Reliability Tracker
06-1068-EL-UNC	Duke Energy	Fuel Purchase Power
06-0986-EL-UNC	Duke Energy	Market Based Standard Service Offer
06-0751-EL-UNC	Ohio Department of Development	Universal Service Fund Rider
06-0723-EL-ATA	Duke Energy	Collateral Requirements
06-0653-EL-ORD	Commission Review	Electric Service and Safety Standards
06-0572-EL-AAM	Duke Energy	Merger Accounting
06-0505-EL-FOR	Dayton Power & Light	Forecasting
06-0503-EL-FOR	Duke Energy	Forecasting
06-0501-EL-FOR; 06-0502-EL-FOR	Ohio Power/Columbus Southern Power	Forecasting
06-0412-EL-UNC	Columbus Southern Power/Ohio Power	Storm Cost Recovery
06-0273-EL-UNC	Columbus Southern Power/Ohio Power	Transmission Cost Recovery Rider
06-0222-EL-SLF	American Electric Power	Reliability Complaint
05-1500-EL-COI	Comission Ordered Investigation	Distributed Generation
05-1057-EL-CSS	Ormet v. South Central Power	Complaint Regarding Rates
05-1090-EL-ATA	Dayton Power & Light	Storm Cost Recovery Rider
05-0936-EL-ATA	FirstEnergy	Competitive Bid
05-0844-EL-ATA	Dayton Power & Light	PJM Regional Transmission Organization Fee Rider
05-0792-EL-ATA	Dayton Power & Light	Billing Cost Recovery Rider
05-0732-EL-MER	Cincinnati Gas & Electric/Duke	Merger
05-0728-EL-AAM; 05-0727-EL-UNC	Cincinnati Gas & Electric	Transmission Cost Rider
05-0724-EL-UNC	Cincinnati Gas & Electric	System Reliability Tracker
05-0376-EL-UNC	Columbus Southern Power/Ohio Power	Generating Facility
05-0302-EL-UNC	Dayton Power & Light	Voluntary Enrollment Plan
05-0276-EL-AIR	Dayton Power & Light	Rate Stabilization Surcharge

Case Number	Case Name	Issue
04-1932-EL-ATA/AAM	FirstEnergy	Regional Transmission Organization, Transmission and Ancillary Service Costs
<b>04-1371-EL-ATA</b>	<b>FirstEnergy</b>	<b>Competitive Bid Process</b>
03-2144-EL-ATA	FirstEnergy	Market Development Plan, etc.
<b>03-2081-EL-AAM;</b> <b>03-2080-EL-ATA;</b> <b>03-2079-EL-AAM</b>	<b>Cincinnati Gas &amp; Electric</b>	<b>MISO; MDP; Accounting</b>
03-0093-EL-ATA	Cincinnati Gas & Electric	Competitive Bidding

## Electricity Cases Appealed to the Ohio Supreme Court

Case Number	Case Name	Issue
2006-1594	IEU v. PUCO et al.	AEP IGCC
<b>2006-0830</b>	<b>Elyria Foundary Co. v. PUCO</b>	<b>FirstEnergy Rate Certainty Plan</b>
2006-0788	OCC v. PUCO	Dayton Power & Light Rate Stabilization Surcharge
<b>2006-0701'</b>	<b>OCC v. PUCO</b>	<b>Cincinnati Gas &amp; Electric/Duke Merger</b>
2006-0646	OCC v. PUCO	Dayton Power & Light Prudence
<b>2006-0600</b>	<b>OCC v. PUCO</b>	<b>FirstEnergy Deferrals Recovery</b>
2006-0536	OCC v. PUCO	Dayton Power & Light Deferrals Recovery
<b>2005-1679</b>	<b>OCC v. PUCO</b>	<b>Dayton Power &amp; Light PJM Costs</b>
2005-1621	OCC v. PUCO	FirstEnergy Accounting Deferrals
<b>2005-0946</b>	<b>OCC v. PUCO</b>	<b>Cincinnati Gas &amp; Electric Rate Stabilization Plan</b>
2005-0945	OCC v. PUCO	Miami Valley Appeal
<b>2005-0767</b>	<b>OCC v. PUCO</b>	<b>American Electric Power Rate Stabilization Plan</b>
2005-0766	OCC v. PUCO	FirstEnergy Market Development Period
<b>2005-0518</b>	<b>OCC v. PUCO</b>	<b>Cincinnati Gas &amp; Electric Rate Stabilization Plan</b>
2004-1993	OCC v. PUCO	FirstEnergy Market Development Period

## Electricity Cases at the Federal Energy Regulatory Commission

Case Number	Company	Issue
EL07-3; EL07-4	PJM Interconnection	Electric/Gas Coordination
<b>ER06-1474</b>	<b>PJM Interconnection</b>	<b>Transmission Protocol</b>
ER06-1271-001	PJM Interconnection	Regional Transmission Expansion Plan
<b>ER06-826</b>	<b>PJM Interconnection</b>	<b>Market Monitoring Units</b>
ER06-117	FirstEnergy	Affiliate Contracts
<b>EL06-97</b>	<b>WPS Complaint</b>	<b>MISO/PJM Seams</b>
EL06-50	American Electric Power	Interstate Project/Transmission Incentive
<b>RM06-16</b>	<b>Notice of Proposed Rulemaking</b>	<b>Reliability Standards</b>
RM06-10	Small Power Production and Cogeneration Facilities	PURPA Section 210(m)
<b>ER05-1410; EL05-148</b>	<b>PJM Interconnection</b>	<b>RPM</b>



Case Number	Company	Issue
RM05-25; RM05-17	Notice of Proposed Rulemaking and Preference in Transmission Service	Preventing Undue Discrimination

## Electricity Cases at the Department of Energy

Case Number	Issue
DOE 1221	Notice of Inquiry: Transmission Congestion Study Designating National Transmission Corridors
DOE	<b>Request for Information: President Bush's Solar America Initiative Technology Acceptance</b>

## Natural Gas Cases at the Public Utilities Commission of Ohio

Case Number	Company	Issue
06-1032-GA-PIP	Pike Natural Gas	Percentage of Income Payment Plan
06-1031-GA-PIP	Eastern Natural Gas	Percentage of Income Payment Plan
06-0780-GA-ORD	Commission Review	Alternative Regulation
06-0599-GA-ATA	Columbia Gas of Ohio	Maumee Gas Choice Program
06-0423-GA-ORD	Commission Review	Competitive Retail Natural Gas
05-1444-GA-UNC	Vectren Energy Delivery	Conservation Rider (Demand Side Management)
05-1427-GA-PIP	Columbia Gas of Ohio	Percentage of Income Payment Plan Rider
05-1421-GA-PIP	Dominion East Ohio	Percentage of Income Payment Plan Rider
05-0602-GA-ORD	Ohio Gas Companies	Minimum Service Standards
05-0463-GA-COI	Ohio Gas Companies	Natural Gas Service Risers
05-0474-GA-ATA	Dominion East Ohio	Exit Merchant Function
05-0221-GA-GCR	Columbia Gas of Ohio	Management/Performance Audit
05-0220-GA-GCR	Vectren Energy Delivery	Management/Performance Audit
05-0219-GA-GCR	Dominion East Ohio	Management/Performance Audit
05-0218-GA-GCR	Cincinnati Gas & Electric	Management/Performance Audit
04-0571-GA-AIR	Vectren Energy Delivery	Rate Case
04-0221-GA-GCR	Columbia Gas of Ohio	Gas Cost Recovery
01-1228-GA-AIR; 01-1478-GA-ALT	Cincinnati Gas & Electric	Accelerated Main Replacement Program

## Natural Gas Cases Appealed to the Ohio Supreme Court

Case Number	Case Name	Issue
2006-0367	Vectren v. PUCO	2002 Gas Cost Recovery

## Gas & Electric Combined Cases at the Public Utilities Commission of Ohio

Case Number	Company	Issue
06-1201-AU-ORD	Ohio Gas & Electric Companies	Energy Emergency Rules
06-0091-EL-UNC; 06-0092-EL-UNC and 06-0093-GA-UNC	Cincinnati Gas & Electric	Demand Side Management Programs

<b>Case Number</b>	<b>Company</b>	<b>Issue</b>
05-1128-GE-ORD	Commission Review	Forecasting Rules
05-1068-GE-UNC	Ohio Gas & Electric Companies	Winter Reconnect

## **Telecommunications Cases at the Public Utilities Commission of Ohio**

<b>Case Number</b>	<b>Company</b>	<b>Issue</b>
06-1443-TP-UNC	Buzz Telecom	Alleged Minimum Telephone Service Standards Violations
<b>06-1354-TP-UNC</b>	<b>Embarq</b>	<b>Service Quality</b>
06-1345-TP-ORD	Commission Review	Retail Service Rules
<b>06-1344-TP-ORD</b>	<b>Commission Review</b>	<b>Carrier-to-Carrier Rules</b>
06-1327-TP-ACE	Tele-Reconnect Inc.	Certificate
<b>06-1013-TP-BLS</b>	<b>AT&amp;T Ohio</b>	<b>BLES Alternative Regulation</b>
06-1002-TP-BLS	Cincinnati Bell	BLES Alternative Regulation
<b>06-0919-TP-ORD</b>	<b>Commission Review</b>	<b>Extended Area Service</b>
06-0794-TP-ALT	Telephone Service Co.	Alternative Regulation
<b>06-0700-TP-ALT</b>	<b>Verizon/MCI</b>	<b>Alternative Regulation</b>
06-0651-TP-ALT	Champaign Telephone	Alternative Regulation
<b>06-0554-TP-SLF</b>	<b>Sage Communications</b>	<b>Late Payment Fee</b>
06-0427-TP-CSS	Revolution Communications Ltd v. AT&T Ohio	Unjust and Unreasonable Billings, etc.
<b>06-0108-TP-SLF</b>	<b>AT&amp;T Ohio/SBC Ohio</b>	<b>Prescribed Interexchange Carrier Charge</b>
05-1581-TP-ACE; 05-1580-TP-ACO	Alltel	Spin-Off
<b>05-1443-TP-UNC</b>	<b>Ayersville Telephone</b>	<b>Expand Service Area</b>
05-1305-TP-COI	Incumbent Local Exchange Telephone Companies	Alternative Regulation
<b>05-1304-TP-COI</b>	<b>Small Local Exchange Telephone Companies</b>	<b>Alternative Regulation</b>
05-1303-TP-COI	Not for Profit Small Telephone Companies	Alternative Regulation
<b>05-1298-TP-UNC</b>	<b>Chillicothe Tel/Cinergy Comm</b>	<b>Relief as Rural Telephone Company and Rural Carrier</b>
05-1102-TP-ORD	Ohio Telephone Companies	Minimum Telephone Service Standards
<b>05-1040-TP-ACO</b>	<b>Sprint/Nextel</b>	<b>Spin Off</b>
05-0497-TP-ACO	Verizon/MCI	Merger
<b>05-0269-TP-ACO</b>	<b>AT&amp;T/SBC Ohio</b>	<b>Merger</b>
02-2617-CT-ACE	Buzz Telecom	Certificate
<b>97-0414-TP-UNC</b>	<b>Ohio Small Local Exchange Carrier</b>	<b>Hardship Fund</b>
90-5013-TP-TRF	Cincinnati Bell	Deaveraging

## Telecommunications Cases at the Federal Communications Commission

Case Number	Company/Issue
WC06-172*	Verizon Petition for Forebearance
WC 06-122*	<b>Universal Service Contribution Methodology</b>
WC 06-120*	AT&T for Forbearance
WC 06-74*	<b>AT&amp;T/BellSouth Merger</b>
WC 05-342*	BellSouth Forebearance
WC 05-337*	<b>High Cost Universal Service Support</b>
WC 05-271*	Consumer Protection in Broadband Era
CG 04-208*	<b>Truth in Billing and Billing Format</b>
CC 03-133*	Universal Service Contribution Mechanism
CG 02-278*	<b>Consumer Protection Act of 1991</b>
CC 01-92*	Intercarrier Compensation
CC 99-200*	<b>Numbering Resource Optimization</b>
CC 98-170*	Truth in Billing Format
CC 96-115*	<b>Customer Proprietary Network Information</b>
CC 96-45*	Universal Service
CC 94-129*	<b>Unauthorized Changes of Consumers' Long Distance Carriers</b>
CC 80-286*	Jurisdictional Separations and Referral to the Federal State Joint Board

*\*Indicates filed with National Association of State Utility Consumer Advocates*

## Telecommunications Cases at Federal Courts of Appeal

Case Number	Issue	Court of Appeals
CV02102	USA v. SBC and AT&T	US District Court for the District of Columbia
CV02103	<b>USA v. Verizon and MCI</b>	<b>US District Court for the District of Columbia</b>
06-1276	Vonage Holdings Corp and Computer & Communications Industry Association v. Federal Communications Commission and USA	US Court of Appeals for the District of Columbia Circuit

## Water Cases at the Public Utilities Commission of Ohio

Case Number	Company	Issue
06-0433-WS-AIR	Ohio American Water	Rate Case
<b>05-1579-WW-AIR</b>	<b>Tomahawk Utilities</b>	<b>Rate Case</b>
05-1042-WW-AIR	Mohawk Utilities, Inc.	Rate Case

# LETTERS OF THANKS

The Office of the Ohio Consumers' Counsel (OCC) received many personal notes, cards, letters and resolutions from city and state governments to thank and recognize the agency for its 30 years of service to the public. The OCC appreciated the kind thoughts, congratulatory sentiments and genuine appreciation for the work that the agency accomplishes for residential utility consumers. The OCC looks forward to diligently serving as the state's residential utility consumer advocate for many more years to come.

30 Years of  
Consumer  
Advocacy



YEARS

1976 - 2006

On behalf of the citizens of the City of Cleveland, it is with great pleasure that I congratulate you on your 30th anniversary.

The Ohio Consumers' Counsel, has been dedicated to advocating for Ohio's 4.5 million residential utility customers since 1976. The state agency provides information and responds to consumers' questions about their electric, natural gas, telephone and water services.

Just as impressive as your advocacy is your commitment to protect consumers' rights while achieving substantial benefits for consumers during the last 30 years. I also commend the Ohio Consumers' Counsel in their mission to ensure consumer benefits and protections in a changing utility environment.

In the coming years, the citizens of Cleveland and I look forward to the continued growth and success of the Ohio Consumers' Counsel. Once again, congratulations on reaching this milestone.

Sincerely,  
Frank G. Jackson, Mayor  
Cleveland, Ohio

On behalf of the Village of Corwin, in Wayne Township of Warren County, Ohio, we extend warm congratulations as you celebrate your 30th Anniversary!

Thank you for your years of service advocating for Ohio's residential utility consumers. Your service is greatly appreciated.

Sincerely,  
Beverly Campbell, Village Clerk  
Corwin, Ohio

For many years before I was the Mayor of Newark, I served on the Newark City Council. During this time period I was privileged to have a close working relationship with the Ohio Consumers' Counsel. On several occasions their expert advice enabled city government to help disadvantaged citizens in our city. The counsel also provided needed data especially in the area of natural gas rate hikes by two utilities doing business in Newark.

I personally wish to commend and thank the Ohio Consumers' Counsel for their professionalism, expertise and "watchdog" dedication in serving the people of Newark, Ohio.

Sincerely,  
Bruce Bain, Mayor  
Newark, Ohio

Congratulations on 30 years of keeping Ohio residents advised of their right as consumers of public utilities. I have worked in the area of consumer rights for 25 years and your help has always been very important to the agency and the customers. We have also appreciated the many speakers we have learned from on any new or important issues.

Your presence at the PUCO public hearing has always been important. We can never have too many watch dogs looking out for us. With the never ending higher cost of utilities we need all the help we can get. Thanks for a job well done.

Hazel Blankenship, Director  
Ohio Heartland Community Action Center  
Marion, Ohio

As you prepare to celebrate the 30th anniversary of the establishment of the Office of the Ohio Consumers' Counsel, may I extend our sincere congratulations for your agency's efforts in advocating effectively for Ohio's residential utility consumers.

We appreciate the intervention of the Office of the Ohio Consumers' Counsel in matters concerning the Northeast Ohio Public Energy Council, and, in general, we recognize and applaud the commitment of the Office of the Ohio Consumers' Counsel to confront the Public Utilities Commission of Ohio with the multifaceted concerns and the genuine anxieties of citizens trying to make sense of energy choices, deceptive sales practices, telecommunications options, and escalating household expenses.

More locally, we appreciate the participation of your outreach staff personnel in meeting on several occasions with the members of our University Heights Senior Adult Drop-In Network at the University Heights Public Library.

For the important role which the Office of the Ohio Consumers' Counsel has played for three decades as the indispensable residential utility advocate, we express our gratitude and extend our good wishes on the Consumers' Counsel's 30th anniversary.

Sincerely,  
Beryl E. Rothschild, Mayor  
City of University Heights

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The staff and officers of the Ohio Retired Teachers Association would like to congratulate on the occasion of your 30th anniversary of advocating for Ohio's residential utility consumers.

ORTA has been privileged to have speakers from the Office of the Ohio Consumers' Counsel speak at our spring meetings in past years. We would like to take this opportunity to thank you for your presentations.

Sincerely,  
Ann Hanning, Executive Director  
Ohio Retired Teachers Association

On behalf of the City of Fairborn, I wanted to take the opportunity to congratulate the Office of the Ohio Consumers' Counsel on its 30th anniversary. When the city was exploring the possibilities of presenting Fairborn voters with gas and electric aggregation ballot initiatives, the OCC provided much of the information we needed to properly educate our citizens about aggregation. As a result, Fairborn voters passed the ballot initiatives allowing the city to negotiate the best price for gas and electric if the need arose in the future.

The OCC should be proud of the attempts to keep the public informed about the information related to utilities. These efforts allow utility customers to make decisions based on current information.

Once again, congratulations on your 30th anniversary. We look forward to another thirty years of outstanding educational tools for the residents of Fairborn and across the State of Ohio.

Sincerely,  
Thomas H. Nagel, Mayor  
Fairborn, Ohio

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The City of Sylvania has faced many challenges over recent years concerning utility rates and utility aggregation.

We appreciate the independent voice the Ohio Consumers' Counsel has provided us to help work on these areas of great concern to our residents. Congratulations on your 30th anniversary.

Very truly yours,  
Craig A. Stough, Mayor  
City of Sylvania

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On behalf of the City of Parma, Ohio, I want to congratulate your organization as it celebrates 30 years of service to Ohio consumers.

The Office of the Ohio Consumers' Counsel has served the citizens of this state in an exemplary manner since its creation and I wish you continued success in the years ahead.

Sincerely,  
Dean DePiero, Mayor  
City of Parma







Office of the  
**Ohio Consumers' Counsel**  
*Residential Utility Consumer Advocate*

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*The Office of the Ohio Consumers' Counsel is an equal opportunity employer and provider of services.*